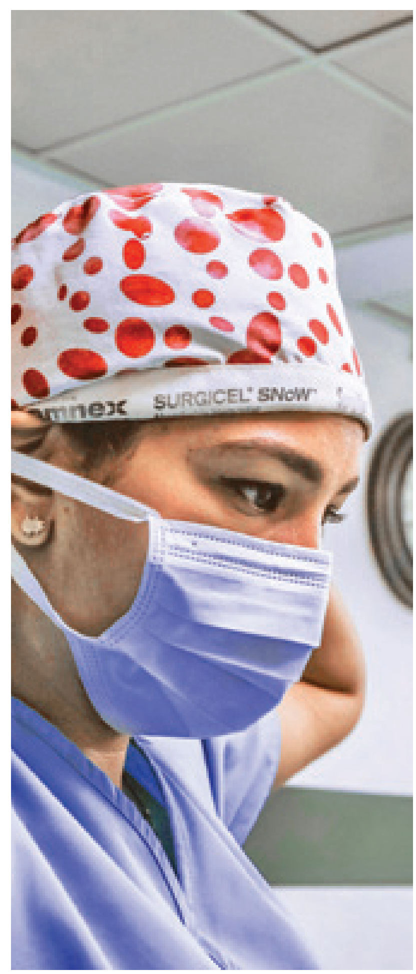
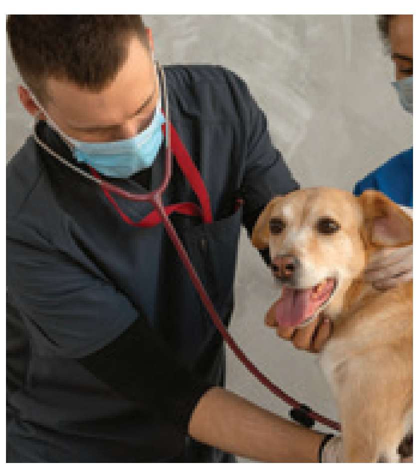
ADTALEM
GLOBAL EDUCATION





Notice of Annual Meeting of Shareholders, 2022 Proxy Statement and 2022 Annual Report

About Us

#WEAREADTALEM

Adtalem Global Education is a leading healthcare educator and provider of professional talent to vital healthcare, behavioral sciences, education and related sectors of the global economy. Adtalem is the parent organization of American University of the Caribbean School of Medicine, Chamberlain University, Ross University School of Medicine, Ross University School of Veterinary Medicine, and Walden University.

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
5
institutions

MORE THAN
10,000
colleagues

WITH A NETWORK OF NEARLY
275,000 alumni
located in all 50 states – addressing nursing and physician shortages, particularly in underserved communities

WITH
27
operating campuses

As of October 1, 2022.

Message from our President and CEO, Steve Beard

October 14, 2022

To our Shareholders:

Fiscal year 2022 proved to be an important inflection point for the company as we repositioned ourselves as a leading healthcare educator. The acquisition of Walden University and the divestiture of our Financial Services segment brought clarity and simplicity to the portfolio and provided attractive opportunities to realize synergies across our operating model. In our current configuration, we believe we are well positioned to advance our mission of expanding access to high quality education. Our scale and focus are unique in the marketplace. As demand for healthcare professionals continues to intensify, and improving health equity remains a priority, our ability to deliver – at scale – a highly diverse cohort of practice-ready clinicians, has never been more valuable.

Our performance for the full year was in line with our revised expectations, despite lingering headwinds from the pandemic. In addition to the strategic repositioning of the company and integration of Walden University, we strengthened our financial position through the realization of cost synergies and margin expansion and executed a thoughtful capital allocation strategy inclusive of debt repayment, share repurchases and select investments in differentiating capabilities.

Our success was driven by our colleagues' dedication to our mission. We enjoy a committed and motivated workforce and are pleased to have been able to attract significant new talent to the organization over the past year, including several key leadership appointments, despite a challenging labor market. Our colleagues' openness to change and willingness to adopt new, more efficient ways of serving our customers was impressive, and wholly reflects the passion and expertise that is embedded throughout our organization.

STUDENT CENTRICITY IS OUR CORE FOCUS

Our students represent *who* we serve and *how* we serve — they are our most valuable contribution to society, and they are at the center of all that we do. Their success in realizing their academic and professional ambitions and making a positive impact on the world will always be our north star. In this spirit, expanding equitable access to education for more students remains foundational to our organization. We believe that education can be a powerful engine of economic mobility and social impact. And while we have tremendous respect and admiration for those institutions whose value proposition is based on historical prestige and selectivity, we are intentional in seeking to serve an overlooked community of learners – and do so with impressive outcomes. Over the past year we continued to focus on, and deliver against, this commitment to produce highly trained, practice-ready professionals who are a collective force for good in the communities and organizations they serve.

In fiscal year 2022, Adtalem's nursing programs across Chamberlain University and Walden University proudly graduated more than 19,000 nurses with either a Bachelor of Science in Nursing (BSN), Master of Science in Nursing, Doctor of Nursing or certificate in Nursing. Across our two medical institutions — American University of the Caribbean School of Medicine and Ross University School of Medicine —we celebrated more than 750 physicians at our graduation ceremonies; with combined first-time residency match rates achieving 96% for first-time eligible 2021-2022 graduates.[1] At Ross University School of Veterinary Medicine, our pass rate on the North American Veterinary Licensing Exam® (NAVLE) reached 83%, exceeding the American Veterinary Medical Association's standard.[2] As the number one conferrer of MD and PhD degrees to African Americans, and BSN degrees to underrepresented minority students in the U.S., Adtalem's institutions are helping pave a path toward health equity.[3] These outcomes, combined with more than 275,000 alumni across our institutions, underscore both the scale of our impact and our commitment to delivering strong academic and professional achievements.

ANSWERING THE CALL FOR HEALTHCARE TALENT

This next fiscal year represents an exciting opportunity to build upon the groundwork we laid in fiscal year 2022: continuation of our multi-pronged capital allocation strategy, enhancement of our competitive differentiating capabilities, expansion of new and existing partnerships with leading healthcare providers and consistent delivery of strong academic outcomes.

As we look ahead to fiscal year 2023 and beyond, our sharpened focus, financial strength and market-leading capacity to deliver against increasingly unmet demand for healthcare talent, uniquely positions us to realize our growth ambitions and deliver more value for our stakeholders. I, and the entire leadership team, remain energized by the opportunity to make an outsized impact on the communities in which we work, live and serve. We hope you share this excitement, and on behalf of the entire Adtalem Global Education team and board of directors, we thank you for your continued confidence in – and support of – our mission.

Steve Beard
President and CEO

[1] Data Source: National Resident Matching Program®, Results and Data: 2022 Main Residency Match. Adtalem data has been normalized for consistency with US methodology for comparison purposes and contains residencies attained through the NRMP Main Match.

[2] https://veterinary.rossu.edu/about/accreditation

[3] MD degrees granted by the American University of the Caribbean School of Medicine and Ross University School of Medicine; PhD degrees by Walden University; BSN degrees by Chamberlain University, analysis is based on FY2020 IPEDS data downloaded on 10/18/2021. Under-represented minority includes students who identify as American Indian or Alaska Native, Black or African American, Hispanic or Latino, Native Hawaiian or other Pacific Islander, or two or more races.

Notice of Annual Meeting of Shareholders

DATE AND TIME

November 9, 2022
8:00 a.m. Eastern Standard Time

Online check-in will be available beginning at 7:45 a.m. Eastern Standard Time. Please allow ample time for the online check-in process.

PLACE

The Annual Meeting will be held entirely online at: www.virtualshareholdermeeting.com/ATGE2022.

RECORD DATE

September 23, 2022

ITEMS OF BUSINESS

	Board Voting Recommendation
Proposal No. 1: Elect the directors named in the attached Proxy Statement to serve until the 2023 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**

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

To participate in the 2022 Annual Meeting, you will need the 16-digit control number included on your proxy card or in the instructions that accompanied your proxy materials.

This notice and Proxy Statement, voting instructions, and Adtalem Global Education Inc.'s 2022 Annual Report to Shareholders are being mailed to shareholders beginning on or about October 14, 2022.

Douglas G. Beck
Senior Vice President, 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

VIRTUALLY
Attend the Annual Meeting online at www.virtualshareholdermeeting.com/ATGE2022.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on November 9, 2022. Our Proxy Statement and the Adtalem Global Education Inc. Annual Report for 2022 are available online at www.proxyvote.com or at our investor relations website, http://investors.adtalem.com.

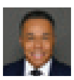
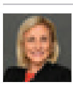
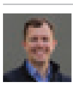
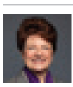
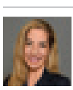
Proxy Summary

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, marketing and medical professionals, 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
	**Stephen W. Beard** President and CEO Adtalem Global Education Inc.	51	2021						
	**William W. Burke** LEAD INDEPENDENT DIRECTOR President and Founder, Austin Highlands Advisors, LLC	63	2017	2		Chair +	Member		
	**Charles DeShazer** INDEPENDENT Director, Clinicals Products Google Health	63	2021		Member			Member	
	**Mayur Gupta** INDEPENDENT Chief Marketing Officer Kraken, Inc.	45	2021		Member			Member	
	**Donna J. Hrinak** INDEPENDENT Senior Vice President, Corporate Affairs, Royal Caribbean Group	71	2018			Member			Chair
	**Georgette Kiser** INDEPENDENT Former Operating Executive, The Carlyle Group	54	2018	3				Chair	Member
	**Liam Krehbiel**[1] INDEPENDENT Chief Executive Officer and Founder, Topography Hospitality, LLC	46	2022						
	**Michael W. Malafronte** INDEPENDENT Senior Advisor, Derby Copeland Capital	48	2016			Member +	Chair		
	**Sharon L. O'Keefe** INDEPENDENT Retired President, University of Chicago Medical Center	70	2020	2	Member				Member
	**Kenneth J. Phelan** INDEPENDENT Senior Advisor Oliver Wyman Inc.	63	2020	1			Member	Member	
	**Lisa W. Wardell** Chairman of the Board Adtalem Global Education Inc.	53	2008	2					

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

[1] It is anticipated that Mr. Krehbiel will join the Audit and Finance and External Relations committees effective November 9, 2022.

Board Highlights

BOARD INDEPENDENCE

Independent

Not Independent

83%

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

4.75 years

AGE

Under 50

50 to 60

61 to 72

Average Age

57 years

BOARD DIVERSITY

33%

Female

50%

Ethnically Diverse

25%

Lived and Worked Outside of U.S.

SKILLS AND EXPERIENCE

Senior Executive	12/12
Strategy	10/12
Governance	10/12
M&A/Joint Ventures	5/12
Healthcare and Medical	7/12
Education Sector/ Accreditation Process	7/12
Human Capital Management	6/12
Financial Reporting	7/12
Compensation	7/12
Global Markets	6/12

CORPORATE GOVERNANCE HIGHLIGHTS

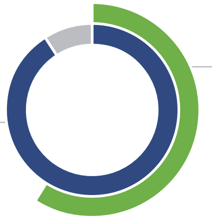
Shareholder Engagement

We conduct regular outreach and engagement with our shareholders and value their insight and feedback.

OUR OUTREACH

We reached out to our shareholders representing approximately **91% of shares owned**.

We contacted shareholders representing more than **91%** of shares owned.



We met with shareholders representing approximately **59%** of shares owned.

Ongoing 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:

2022

- Amended our Director Nominating Process to consider expertise on climate change, climate-related risks, and cybersecurity
- Amended the charters of our Audit and Finance, Compensation, and External Relations Committees to provide additional responsibility and oversight of environmental, social and governance ("ESG") matters
- Continued to refresh our Board by adding a new director who is committed to improving equity in education for underserved communities

2021

- Refreshed our Board by adding three new directors including our new CEO and directors with significant expertise in healthcare and digital marketing

2020

- Refreshed our Board by adding two new directors with significant expertise in healthcare and financial services
- Amended the charter of our External Relations Committee to clarify its responsibilities for oversight of our sustainability strategy, including environmental and social policies

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 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

Ongoing Best Practices

BOARD COMMITTEES

- ✔ We have five Board committees – Academic Quality, Audit and Finance, Compensation, External Relations, and Nominating & Governance, each of which typically meets at least four times per year
- ✔ 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 engages in 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

2022 COMPENSATION SNAPSHOT

		Objective	Time Horizon	Performance Measures	Additional Explanation
Salary (cash)	Base Salary	Reflect experience, market competition and scope of responsibilities	Reviewed Annually	• Assessment of performance in prior year.	• Represents 12% and 35% of Total Direct Compensation for Mr. Beard and other NEOs (on average), respectively.
Annual Incentive (cash)	MIP	Reward achievement of short-term operational business priorities	1 year	• Adjusted Revenue* • Adjusted Earnings Per Share* • Individual Goals	• Represents 14% and 25% of Total Direct Compensation for Mr. Beard and other NEOs (on average), respectively.
Long Term Incentive (equity)	Stock Options	Reward stock price growth and retain key talent	4 year ratable	• Stock price growth	• Represents 30% of NEO LTI granted in FY22.**
	RSUs	Align interests of management and shareholders, and retain key talent			• Represents 20% of NEO LTI granted in FY22.**
	ROIC PSUs	Reward achievement of multi-year financial goals, align interests of management and shareholders, and retain key talent	3 year cliff	• ROIC	• Represents 50% of NEO LTI granted in FY22.**
	FCF PSUs			• FCF per share	

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

** The long-term equity award for Mr. Beard in fiscal year 2022 included stock options which represented 14% of his grant, RSUs which represented 55% of his grant and PSUs which represented 31% of his grant. The fiscal year 2022 equity mix for Mr. Beard resulted from negotiations of his compensation package with Adtalem in connection with his appointment as President and Chief Executive Officer.

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 ESG strategy during fiscal year 2022 and remained steadfastly focused on our overarching philosophy of stewardship.

ADTALEM GLOBAL EDUCATION SUSTAINABILITY COMMITMENT

"Adtalem Global Education operates in a sustainable, ethical and responsible manner as we increase access and equity in education and workforce training. Our solutions empower our students to help address workforce needs in the healthcare industry. Adtalem is committed to protecting the environment, increasing climate awareness and resilience, continuously enhancing our diverse and inclusive culture, and investing in the well-being of the communities where we teach, learn and work."

Environmental Stewardship

In fiscal year 2020 we launched multi-year environmental goals through 2024 that encompass our strategic approach to reducing our carbon footprint, embracing renewable energy and enhancing waste management practices. Through these goals, Adtalem is addressing environmental issues that help safeguard the environment and our communities.

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. Adtalem has created diversity and inclusion councils and task forces at its institutions. These taskforces are addressing racism as a public health crisis. We are committed to continuously reviewing the components of our educational programs, systems and processes to ensure we are addressing systemic bias within our institutions, as well as partnering with organizations that share our values to collectively address these challenges and have an intentional impact on the broader healthcare industry.

Governance Practices

Since 2016, under the leadership of Ms. Wardell, our Chairman and former CEO, we have notably increased female and multicultural representation on our Board. We continue to engage in active Board refreshment and added one new director in 2022, who through his work as a venture philanthropist has improved educational opportunities for low-income students.

Community Engagement and Philanthropy

We support charitable and civic organizations across the globe that share our values by way of the Adtalem Global Education Foundation and corporate philanthropy. Through corporate giving efforts, Adtalem provided $376,457 to global community and civic partners in fiscal year 2022. Independent from the corporate giving efforts, the Adtalem Global Education Foundation awarded grants totaling $1,081,680 to support charitable, educational and research purposes.

Expanding Educational Access

We have created sustainable strategies to engage and support students from historically underrepresented groups and our intentional approach continues to yield industry-leading results. In 2022, 83% of the total student population in our five degree-conferring institutions identified as female and 50% as ethnically diverse. Combined, Adtalem's medical institutions graduate more than 100 Black/African American medical students annually, more than any U.S. medical school.

Empower Scholarship Fund

The Empower Scholarship Fund is another avenue through which we champion social responsibility efforts. Since 2016, the Empower Scholarship Fund has awarded 2,464 scholarships totaling more than $4.6 million to support students. In fiscal year 2022, total Empower scholarship funds awarded were $453,500.

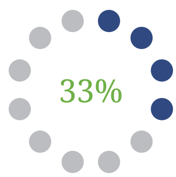
DIVERSITY AND INCLUSION

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 we work collaboratively, committed to the idea that inclusion leads to innovation and high performance. The Adtalem senior leadership team is over 44% diverse when considering gender and ethnicity.

BOARD DATA

The composition of our Board reflects our commitment to diversity.

Female



Ethnically Diverse

Lived and Worked Outside the U.S.

EMPLOYEE DATA

Our global employee base is predominantly female and includes a strong minority representation.

Female
75%

Ethnically Diverse
35%

STUDENT DATA

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

Female
83%

Ethnically Diverse
50%

Please note: Board data is as of October 1, 2022; leadership and employee data is as of October 1, 2022 and represents those who chose to report. Student data is for fiscal year 2022 enrollment at Adtalem's institutions.

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PROPOSAL NO. 1

Election of Directors

The Board has nominated eleven of Adtalem's twelve sitting directors and recommends their re-election, each for a term to expire at the 2023 Annual Meeting. All of the nominees have consented to serve as directors if elected at the Annual Meeting. Mr. Lyle Logan has informed the Board that he is not standing for re-election and will retire from the Board at the Annual Meeting. Mr. Logan has served on the Adtalem Board since 2007 and the Board is extremely grateful for Mr. Logan's service and commitment to Adtalem over the past fifteen years. Mr. Logan's decision to not stand for re-election is not the result of any disagreement with the Company.

It is intended that all shares represented by a proxy in the accompanying form will be voted for the election of each of Stephen W. Beard, William W. Burke, Charles DeShazer, Mayur Gupta, Donna J. Hrinak, Georgette Kiser, Liam Krehbiel, Michael W. Malafronte, Sharon L. O'Keefe, Kenneth J. Phelan, and Lisa W. Wardell as directors unless otherwise specified in such proxy. A proxy cannot be voted for more than eleven persons. In the event that a nominee becomes unable to serve as a director, the proxy committee (appointed by the Board) will vote for the substitute nominee that the Board designates. The Board has no reason to believe that any of 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 are important to effective governance.

Approval by Shareholders

The election of each of the eleven 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 or Adtalem's 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 below.

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

BOARD COMPOSITION

Director Nominees

Stephen W. Beard, Chief Executive Officer

President and CEO, Adtalem Global Education

Age: **51**
Director since: **2021**

Career Highlights

Mr. Beard was appointed Adtalem's President and CEO and a director on our Board in September 2021. Previously, Mr. Beard served as Adtalem's Chief Operating Officer (COO), responsible for the vision, leadership, and financial performance of Adtalem's Financial Services vertical. In addition, Mr. Beard led the company's strategy, corporate development, government and regulatory affairs, investor relations, communications and civic engagement activities and mobilized a variety of operational and corporate initiatives to accelerate Adtalem's global performance.

Prior to taking on the responsibility of COO in 2019 and responsibility for the Financial Services vertical in 2020, Mr. Beard served as Senior Vice President, General Counsel and Corporate Secretary in 2018.

Prior to Adtalem, Mr. Beard was executive vice president, chief administrative officer and general counsel of Heidrick & Struggles International, Inc. (NASDAQ:HSII), where he directed global legal operations for the company and oversaw a variety of enterprise-level functions including strategy and corporate development.

Prior to joining Heidrick & Struggles, Mr. Beard was in private practice with Schiff Hardin, LLP in Chicago, where he was a member of the firm's corporate and securities group, advising public and private companies in mergers and acquisitions, corporate finance and corporate governance matters.

Mr. Beard began his legal career as a law clerk for the Honorable Frank Sullivan, Jr. (ret.), associate justice of the Indiana Supreme Court.

Mr. Beard has been active in a variety of community and civic matters and currently serves on the board of the venture philanthropy fund, A Better Chicago.

Mr. Beard received his bachelor's degree from the University of Illinois at Urbana-Champaign and his juris doctor degree from the Maurer School of Law at Indiana University.

Relevant Experience

Mr. Beard's experience as our CEO and his prior service as Adtalem's COO and General Counsel give him deep knowledge of Adtalem's operations and strategy. Mr. Beard's experience in refining Adtalem's portfolio strategy, executing the DeVry University, Carrington College and Adtalem Brazil divestitures, and spearheading the acquisition of Walden University-coupled with his success in leading the Financial Services segment prior to its divestiture-have played an integral role in positioning Adtalem for long-term growth.

William W. Burke, Lead Independent Director

President and Founder, Austin Highlands Advisors, LLC

Age: **63**
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 board chairman and a lead independent director. Since June 2022, he has served on the board of directors of Ceribell Inc., a privately-held medical technology company. He has served on the board of Tactile Systems Technology, Inc. (Nasdaq: TCMD) since 2015 and currently serves as Chairman of the Board. Since 2021, he has served on the board of directors and as chair of the audit committee of EQ Health Acquisition Corp. (NYSE:EQHA). 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.

Dr. Charles DeShazer, Independent

Director, Clinical Products, Google Health

Age: **63**
Director since: **2021**

Committees:
Academic Quality
External Relations

Career Highlights

Dr. DeShazer is the Director, Clinical Products for Google Health where he helps lead the design and implementation of an intelligent suite of tools that help healthcare providers deliver better patient care. He previously was the Senior Vice President and Chief Medical Officer of Highmark, Inc., one of the largest insurance organizations in the U.S. from 2017 to 2021. In this role he oversaw the company's clinical strategy, overall medical leadership and provided oversight of Highmark Inc.'s strategic direction and processes related to healthcare quality, efficiency and cost improvement. Additionally, as the Chief Medical Officer for the primary division of Highmark Health, Dr. DeShazer also interacted regularly with the smaller health division, Allegheny Health Network, as well as Penn State Health, a large academic health system governed jointly by Penn State University and Highmark Health through a significant minority ownership investment. Prior to joining Highmark, Dr. DeShazer served as the Chief Quality Officer for BayCare Health System from 2012 to 2016. From 2010 to 2012 he served as Vice President, Medical Information, Quality and Transformation for Dean Health System.

Relevant Experience

Dr. DeShazer's leadership experience across the healthcare services ecosystem, coupled with his background as a board-certified M.D. in internal medicine, assists Adtalem and its Board in executing on the strategy of becoming a leading healthcare educator and workforce solutions innovator to the rapidly evolving healthcare industry.

Mayur Gupta, Independent

Chief Marketing Officer, Kraken, Inc.

Age: **45**
Director since: **2021**

Committees:
Academic Quality
External Relations

Career Highlights

Since April 2022, Mr. Gupta has been the Chief Marketing Officer for Kraken, Inc., a U.S.-based cryptocurrency exchange and bank. Previously, he was the Chief Marketing & Strategy Officer for Gannett Co., Inc., a subscription-led and digitally focused media and marketing solutions company ("Gannett"). Mr. Gupta was responsible for leading the transformation and growth of Gannett from the largest news media company to a content subscription platform. Mr. Gupta joined Gannett in September 2020. Mr. Gupta served on the board of Gannett from October 2019 until September 2020 when he stepped down from the board to become the Chief Marketing & Strategy Officer.

Prior to joining Gannett, Mr. Gupta served as the Chief Marketing Officer for Freshly, a growing food-technology company, from January 2019 until September 2020, where he oversaw all consumer-faced marketing, including driving growth, building the brand, and enhancing the company's consumer insights. Before joining Freshly, Mr. Gupta led digital initiatives at several companies, including from October 2016 to January 2019 as Vice President, Growth and Marketing at Spotify, the media services provider, and from August 2015 to September 2016 as Executive Vice President, Chief Marketing Officer and earlier as Senior Vice President, Omni-Channel Consumer Marketing and Head of Digital Platforms at Healthgrades, a healthcare scheduling company. From August 2012 to July 2015, Mr. Gupta was the first Chief Marketing Technologist at Kimberly-Clark, one of the largest consumer goods companies. For the preceding 12-years, from 2001 to 2012, he was a Technology Leader at SapientNitro (now part of Publicis).

Mr. Gupta was named to Forbes World's Most Influential Chief Marketing Officers list for 2021.

Relevant Experience

Mr. Gupta's expertise across the digital marketing space, in combination with his background in technology, will help the Board drive the Company's next phase of growth and impact. Mr. Gupta's ability to implement data-driven strategies to drive business growth and increase shareholder value will assist the Company in developing its own growth plans.

Donna J. Hrinak, Independent

Senior Vice President, Corporate Affairs, Royal Caribbean Group

Age: **71**
Director since: **2018**

Committees:
Nominating & Governance (Chair)
Audit and Finance

Career Highlights

Ms. Hrinak has been a director of Adtalem since October 2018. Ms. Hrinak has served as Senior Vice President, Corporate Affairs, Royal Caribbean Group since August 2020. Previously she served as President of Boeing Latin America (2011-2020) where she opened Boeing's first three offices in the region and oversaw 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 (2008-2011) and also held a role at Kraft Foods (2006-2008), 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 to 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 a senior level in both the public and private sectors overseeing complex multi-cultural organizations brings insight to the Board directly applicable to the organization's international scope.

Georgette Kiser, Independent

Former Operating Executive, The Carlyle Group

Age: **54**
Director since: **2018**

Committees:
External Relations (Chair)
Nominating & Governance

Career Highlights

Ms. Kiser has been a director of Adtalem since May 2018. Ms. Kiser is an operating executive/independent advisor who helps lead due diligence and technical strategies across various private equity and venture capital firms. Previously, she was managing director and chief information officer (CIO) at The Carlyle Group, responsible for leading the firm's global technology and solutions organization and driving IT strategies. 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 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.

Ms. Kiser 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

Since 2019, Ms. Kiser has served on the boards of Aflac (NYSE: AFL), a leading supplemental insurer, Jacobs (NYSE: JEC), a leading, global professional services company, and NCR Corporation (NYSE: NCR), an American software, professional services, consulting and tech company. She serves on the audit and risk and compensation committees for Aflac, the compensation committee and nominating and corporate governance committee for Jacobs, and on the governance committee and chair of the risk committee at NCR.

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 its business as well as Adtalem's internal technology matters.

Liam Krehbiel, Independent

Chief Executive Officer and Founder, Topography Hospitality, LLC

Age: **46**
Director since: **2022**

Committees:
Audit and Finance (expected November 2022)
External Relations (expected November 2022)

Career Highlights

Mr. Krehbiel has been a director of Adtalem since June 2022. In 2021, Mr. Krehbiel founded Topography Hospitality, LLC, and has served as its Chief Executive Officer since then. He is also the Co-managing partner of Ballyfin Demesne, a luxury hotel in Ireland, which opened in 2011. In 2010, Mr. Krehbiel founded A Better Chicago, a not-for-profit corporation and venture philanthropy fund, and currently serves as Chair of its Board. A Better Chicago's mission is to build a more equitable city for Chicago's young people and future generations. Mr. Krehbiel served as the Chief Executive Officer of A Better Chicago from 2010 until May 2019. From 2007 to 2010, Mr. Krehbiel was a management consultant at Bain and Company. Prior to joining Bain, Mr. Krehbiel worked with the Edna McConnell Clark Foundation in New York.

Mr. Krehbiel received a Master of Business Administration degree with a major in business administration and a double concentration in finance and marketing from Northwestern University's Kellogg School of Management. He received his Bachelor of Arts degree from Dartmouth College.

Board Service

In addition to serving as the Chair of A Better Chicago, Mr. Krehbiel is a director of the Civic Consulting Alliance and a trustee of The Civic Federation.

Relevant Experience

Mr. Krehbiel's commitment to improving equity in education for underserved communities closely aligns with Adtalem's mission of expanding access to education and improving health equity. Mr. Krehbiel has spent most of his career as a venture philanthropist dramatically improving educational opportunities for low-income students by funding and scaling the most effective schools and programs in the Chicago area. This experience adds depth and insight as Adtalem continues to focus on serving its students and employers in the growing healthcare education industry.

Michael W. Malafronte, Independent

Senior Advisor, Derby Copeland Capital
Former Managing Partner, International Value Advisers and President of IVA Funds

Age: **48**
Director since: **2016**

Committees:
Compensation (Chair)
Audit and Finance

Career Highlights

Mr. Malafronte has been a director of Adtalem since June 2016. Mr. Malafronte has served as a Senior Advisor to Derby Copeland Capital since September 2022. Derby Copeland is a private equity firm that specializes in opportunistic real estate related debt financing and equity investment. Mr. Malafronte is a Founding Partner of International Value Advisers, LLC ("IVA") and served as Managing Partner for 13 years until December 2020. He was responsible for overseeing all aspects of IVA, including company strategy and managing resources. He also served 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, 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 has 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.

Sharon L. O'Keefe, Independent

Retired President, University of Chicago Medical Center

Age: **70**
Director since: **2020**

Committees:
Academic Quality
Nominating & Governance

Career Highlights

Ms. O'Keefe served as the President of the University of Chicago Medical Center from February 2011 through July 2020. From April 2009 through February 2011, Ms. O'Keefe served as President of Loyola University Medical Center. Prior to her role at Loyola, she served from July 2002 to April 2009 as Chief Operating Officer for Barnes Jewish Hospital, a member of BJC Healthcare, St. Louis. In addition, Ms. O'Keefe has served in a variety of senior management roles at The Johns Hopkins Hospital, Montefiore Medical Center, University of Maryland Medical System, and Beth Israel Deaconess Medical Center in Boston, a teaching affiliate of Harvard Medical School. She has also served as a healthcare consultant with Ernst & Young. In addition, Ms. O'Keefe has served on the National Institutes of Health Advisory Board for Clinical Research, the Finance Committee of the National Institutes of Health Advisory Board, the Board of Trustees of the Illinois Hospital Association, and an Examiner for the Malcolm Baldrige National Quality Award.

Ms. O'Keefe holds a M.S. degree in Nursing from Loyola University of Chicago and a B.S. degree in Nursing from Northern Illinois University.

Board Service

Since March 2022, Ms. O'Keefe has served on the board of directors of Conva Tec Group PLC, a global medical products and technologies company focused on therapies for the management of chronic conditions. Since July 2022, she has also served on the board of directors of Apollo Endosurgery, a medical technology company focused on development of minimally invasive devices for advanced endoscopy therapies. From 2012 until February 2022, Ms. O'Keefe served on the board of directors of Vocera Communications Inc., a provider of communication and clinical workforce solutions, where she was a member of the compensation committee. Ms. O'Keefe previously served on the board of Aviv Reit Inc. from 2013 to 2015.

Relevant Experience

Ms. O'Keefe's prior leadership roles at numerous medical centers including the University of Chicago Medical Center and Loyola University of Chicago Medical Center provide the Board with insights into how Adtalem can best serve the needs of our employer partners and drive superior student outcomes for our healthcare and medical students and graduates.

Kenneth J. Phelan, Independent

Senior Advisor, Oliver Wyman Inc.

Age: **63**
Director since: **2020**

Committees:
Compensation
External Relations

Career Highlights

Mr. Phelan has been a Senior Advisor at Oliver Wyman Inc., a global management consulting firm, since 2019. Prior to that he served as the first Chief Risk Officer for the U.S. Department of the Treasury ("Treasury") from 2014 to 2019. As Chief Risk Officer of the Treasury, he was responsible for establishing and building the Treasury's Office of Risk Management to provide senior Treasury and other administration officials with analysis of key risks including credit, market, liquidity, operational, governance, and reputational risk. From 2018 to 2019, Mr. Phelan also served as Acting Director for the Office of Financial Research, an independent bureau within the Treasury charged with supporting the Financial Stability Oversight Council and conducting research about systemic risk. Prior to joining the Treasury, Mr. Phelan served as the chief risk officer for RBS America from 2011 to 2014, as chief risk officer for Fannie Mae from 2009 to 2011, and as chief risk officer for Wachovia Corporation from 2008 to 2009. Earlier in his career, Mr. Phelan held a variety of senior risk roles at JPMorgan Chase, UBS, and Credit Suisse.

Mr. Phelan holds a bachelor's degree in Business Administration and Finance from Old Dominion University, a M.S. in Economics from Trinity College, and a J.D. from Villanova University.

Board Service

Since 2019 Mr. Phelan has served as a director of Huntington Bancshares, Inc. (NASDAQ. HBAN), a regional bank holding company whose primary subsidiary is The Huntington National Bank. Mr. Phelan is the Chair of Huntington's risk committee and serves on its human resources and compensation committee.

Relevant Experience

Mr. Phelan possesses broad risk oversight expertise and risk management experience. His knowledge and experience strengthens the Board's governance and risk oversight.

Lisa W. Wardell, Chairman

Chairman of the Board, Adtalem Global Education

Age: **53**
Director since: **2008**

Career Highlights

Ms. Wardell has been a director of Adtalem since November 2008. She is a business executive with more than 25 years of experience managing business strategy, operations, finance, and mergers and acquisitions, while driving shareholder value, stakeholder engagement and company mission. After a successful five-year run as Adtalem's president and CEO (2016-2019) and then CEO and Chairman (2019-2021) and Executive Chairman (2021-2022), Ms. Wardell currently serves as the Chairman. During her tenure as CEO, Ms. Wardell oversaw the strategic repositioning of Adtalem's portfolio, successfully acquiring and integrating companies in Adtalem's financial services vertical, and leading turnarounds and divestitures of Adtalem's non-core assets. Through her commitment to high performance and positive social impact, Ms. Wardell's leadership has resulted in superior outcomes for Adtalem's students and significant value creation for shareholders and has positioned the company for long-term growth. Under her leadership, gender and ethnic diversity has increased at the Adtalem Board to 67%. Ms. Wardell has also led the higher education sector in implementing new standards in transparency and financial literacy, and in cultivating quality partnerships to fill critical global workforce needs.

Prior to Adtalem, Ms. Wardell was executive vice president and chief operating officer for The RLJ Companies. During her tenure at RLJ, Ms. Wardell managed acquisitions and executed the formation of RML Automotive, a dealership network spanning seven states with over $1 billion in annual revenues. She also worked extensively in the media, entertainment, sports, gaming, and hotel industries which included assisting with the founding and managing of Our Stories Films Studio and managing the now Charlotte Hornets (previously Charlotte Bobcats). Ms. Wardell also served on the board of the NBAPA, Inc., the for-profit portion of the NBA Players Association from 2018 to 2021. Prior to joining The RLJ Companies, Ms. Wardell was a principal at Katalyst Venture Partners, a private equity firm that invested in start-up technology companies, and a senior consultant for Accenture in the organization's communication and technology strategic services practice.

Ms. Wardell earned her bachelor's degree from Vassar College and her law degree from Stanford Law School. She earned her MBA in finance and entrepreneurial management from the Wharton School of Business at the University of Pennsylvania.

Ms. Wardell has been featured on CNBC and Cheddar as well as in The Wall Street Journal, Washington Post, Business Insider, Black Enterprise, and other publications.

Board Service

Ms. Wardell serves on the boards of American Express (NYSE:AXP) and GIII Apparel Group, Ltd. (NasdaqGS:GIII). She serves as a vice chair on the executive committee of The Business Council, and as a vice chair of the Kennedy Center Corporate Fund. A fierce advocate for diversity and inclusion and access to education at scale across diverse communities, Ms. Wardell also is a member of the board of the Economic Club of Chicago, the Executive Leadership Council, CEO Action for Diversity and Inclusion and the Fortune CEO Initiative.

Relevant Experience

Ms. Wardell's prior roles as CEO and Executive Chairman give her deep and current knowledge of Adtalem's academic and business operations and strategy and make 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, give her important perspectives on the issues that come before the Board, which includes business, strategic, financial, and regulatory matters.

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 reflect the broad spectrum of students and members 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.

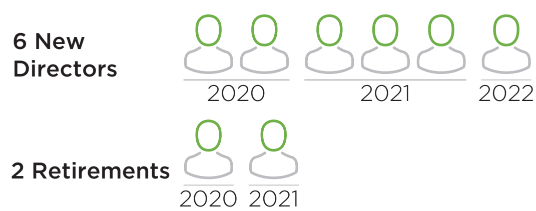
BOARD SUCCESSION PLANNING

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 75, 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. Our Nominating & Governance Committee has led the gradual transformation of our Board, with five of our ten independent directors joining the Board since 2020.

When considering nominees, the Nominating & Governance Committee intends 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
- Cybersecurity
- 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
- Climate change and climate risk experience

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 he or she 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 Russell Reynolds Associates, 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 General Counsel and Corporate Secretary, 500 West Monroe Street, Suite 1300, 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 5:00 pm Central Daylight Time on August 11, 2023. 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 By-Laws (and not pursuant to Rule 14a-18 of the Exchange Act) must be received no earlier than June 12, 2023 and no later than July 12, 2023. However, if we hold our 2023 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 the By-Laws 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 and Mr. Beard, all of Adtalem's current directors, and all of Adtalem's former directors who served as a director during fiscal year 2022, are "independent" of Adtalem and its management within the meaning of the applicable NYSE rules. Mr. Beard is considered an inside director because of his employment as President and CEO of Adtalem. Ms. Wardell is considered an inside director because of her previous employment as President and CEO of Adtalem.

The Board also considered the relationship between Adtalem and The Northern Trust Company, discussed below in Certain Relationships and Related Person Transactions. Mr. Logan, one of our current 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 2022, Adtalem incurred approximately $212,000 in fees to The Northern Trust Company, which were partially offset against compensating balance credits earned on an average monthly outstanding balance of approximately $43 million. The Board concluded 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 eight meetings during fiscal year 2022, consisting of four regular meetings and four 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 2022. 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 General Counsel and Corporate Secretary, 500 West Monroe Street, Suite 1300, 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. The standing Audit and Finance Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act, the rules and regulations of the SEC, and the listing standards of the NYSE.

Academic Quality Committee

Members	Meetings in fiscal year 2022
Lyle Logan (Chair) Charles DeShazer Mayur Gupta Sharon L. O'Keefe	4

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 2022	Report
William W. Burke (Chair) Donna J. Hrinak Michael W. Malafronte	9	Page 40

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
- Provides oversight of Adtalem's policies and processes established by management to identify, assess, monitor, manage and control technology, cyber, information, ESG, and other risks
- Provides oversight of Adtalem's frameworks and standards for climate-related disclosures and reporting
- Reviews and approves any potential related party transactions

The Board has determined that Mr. Burke and Mr. Malafronte are qualified as audit committee financial experts.

Compensation Committee

Members	Meetings in fiscal year 2022	Report
Michael W. Malafronte (Chair) William W. Burke Lyle Logan Kenneth J. Phelan	6	Page 63

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 recommendations made by the CEO and approves compensation for executive officers, including base salary, annual incentive, and equity compensation
- Reviews and approves the total pay-out of short and long term incentive pools, including annual grants of equity awards
- Reviews and recommends to the Board compensation paid to non-employee directors

External Relations Committee

Members	Meetings in fiscal year 2022
Georgette Kiser (Chair) Charles DeShazer Mayur Gupta Kenneth J. Phelan	4

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 regarding 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 and regulations applicable to Adtalem
- Provides oversight regarding significant public policy issues including environmental, social, health and safety, and public and community affairs
- Reviews Adtalem's sustainability strategy, including initiatives and policies relating to environmental stewardship, corporate social responsibility, and corporate culture

Nominating & Governance Committee

Members	Meetings in fiscal year 2022
Donna J. Hrinak (Chair) Georgette Kiser Lyle Logan Sharon O'Keefe	4

Key Responsibilities

- Reviews Board and committee structures 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 time. 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 Ms. Wardell, who had 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 Mr. 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 CEO and appointing a Lead Independent Director, compared with keeping the roles of Chairman of the Board and CEO separate. With the appointment of Mr. Beard as our President and CEO in September 2021, the Board concluded that Ms. Wardell was the person best suited to serve as Executive Chairman of the Board during fiscal year 2022, providing consistent leadership, alignment between the Board and management, and a unified voice for Adtalem as it continued its transformation to a leading healthcare-focused educator. In addition, the Board reaffirmed its commitment to independent board leadership by appointing Mr. Burke as our Lead Independent Director.

The Board reviews its leadership structure periodically and as circumstances warrant. As noted above, on September 8, 2021, Mr. Beard was appointed President and CEO and Ms. Wardell was appointed Executive Chairman of the Board. The Board separated the roles of Chairman and CEO at this time to allow our CEO to focus on strategic imperatives, including the integration of Walden University and continuing to drive our business transformation efforts. Meanwhile, in her role as Executive Chairman, Ms. Wardell continued to focus on leading the Board, the strategic review of Adtalem's Financial Services business, and furthering Adtalem's Global Legislative Agenda. Mr. Burke continued to serve as our Lead Independent Director.

If Mr. Malafronte is reelected by the shareholders at the Annual Meeting, the Board intends to appoint him as Chairman of the Board immediately after the Annual Meeting on November 9, 2022. Mr. Malafronte has been an independent director since he joined the Board in 2016. The Board has considered the merits of separating the roles of Chairman of the Board and the CEO and believes the separation is best for Adtalem and its shareholders at this time. With the appointment of an independent Chairman, the Board will no longer have a Lead Independent Director.

During fiscal year 2022, the Board met in executive session without employee directors or other employees present at each regular Board meeting. Mr. Burke, as Adtalem's Lead Independent Director, presided over these sessions.

In furtherance of our Board's role in overall strategy and succession planning, during 2022 our Lead Independent Director actively engaged with our Executive Chairman and 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 Executive Chairman of the Board, as appropriate, concerning such meetings;
- acts as a liaison between the Executive Chairman of the Board and the independent directors;
- advises the Executive 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 Executive Chairman of the Board about calling full meetings of the Board;
- serves as a resource to consult with the Executive 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 Executive 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, board chairman, audit committee chairman and compensation committee chairman. If Mr. Burke is reelected by the shareholders at the Annual Meeting, he will continue to serve as Chair of our Audit and Finance Committee and as a member of our Compensation Committee.

Committee Chairs and Membership after the 2022 Annual Meeting

If all of the directors standing for election at the 2022 Annual Meeting are elected by the shareholders, the Board anticipates reconstituting the membership and Chairs of each of its five standing committees immediately after the Annual Meeting as follows:

Committee	Proposed
Academic Quality Committee	Georgette Kiser (Chair) Charles DeShazer Mayur Gupta Lisa Wardell
Audit and Finance Committee	William Burke (Chair) Donna Hrinak Liam Krehbiel
Compensation Committee	Ken Phelan (Chair) William Burke Charles DeShazer Sharon O'Keefe

Committee	Proposed
External Relations Committee	Donna Hrinak (Chair) Mayur Gupta Liam Krehbiel Ken Phelan Lisa Wardell
Nominating & Governance Committee	Sharon O'Keefe (Chair) Donna Hrinak Georgette Kiser

Director Attendance

During fiscal year 2022, our Board met eight times. Each of Adtalem's directors attended at least 94% 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 2022.

All of our directors who were directors at the time were in attendance at the 2021 Annual Meeting of Shareholders, held virtually in November 2021. Our Board encourages all of its members to attend the Annual Meeting 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. Mr. Burke is National Association of Corporate Directors ("NACD") Directorship Certified. NACD Directorship Certified directors establish themselves as committed to continuing education on emerging issues and helping to elevate the profession of directorship. Mr. Burke also participates in the PwC Corporate Directors Exchange which aims to give Fortune 1000 directors the tools to lead for long-term success, and the NACD Advanced Director Professionalism course; Ms. Kiser is a NACD Board Leadership Fellow. She demonstrates her commitment to the highest standards of exemplary board leadership by earning NACD Fellowship – The Gold Standard Director Credential – each year. During fiscal year 2022, the following directors attended the following classes and seminars: (i) Ms. O'Keefe attended NACD seminars on Top Compensation Committee Concerns, and The Future of Healthcare, and a Diligent Institute conference on Board ESG Oversight & Strategy; (ii) Mr. Phelan attended a Harvard Executive Education Course on "Making Corporate Boards More Effective"; and (iii) Ms. Wardell attended the Stanford Directors College.

Board Self-Evaluation

Each year our Board undertakes a self-evaluation process to critically evaluate its performance and effectiveness. Additionally, each committee conducts a self-evaluation to monitor its performance and effectiveness. The process is coordinated by the Chairman and the chair of the Nominating & Governance Committee, and in fiscal year 2022 the Board used an independent third-party to conduct the evaluation process. Board and committee members are asked to provide commentary about a variety of topics, including the following: overall Board performance, including strategy, challenges and opportunities; Board and committee meeting logistics and materials; Board and committee culture; and human capital and succession planning. The results of the evaluations were aggregated and summarized by the independent third-party 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 full Board has primary responsibility to review and provide oversight to management on our ESG strategy, supported by the work of our Audit and Finance, Compensation, External Relations, and Nominating & Governance Committees, each of whom provides oversight on various components of our ESG strategy. For example, our Audit and Finance Committee provides oversight of Adtalem's policies and procedures to identify, assess, monitor, manage and control ESG risks. The Audit and Finance Committee also provides oversight of Adtalem's frameworks and standards for climate-related disclosures and reports. The Compensation Committee has responsibility for reviewing strategy and initiatives related to recruiting and retention to include ESG goals and milestones, if any.

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.

Managing current and emerging business risks, from regulatory and market risks to global risks like a pandemic, is an important component of our governance and oversight system. Management undertakes a regular review of a broad set of risks across Adtalem's business and operations to identify, assess, manage and monitor existing and emerging threats and opportunities. Adtalem's Enterprise Risk Management ("ERM") team is responsible for leading our risk management program at the enterprise level. The ERM team places particular focus on key risks that have the potential for the highest impact to Adtalem and its operations, and the highest likelihood of risk occurrence based on Adtalem's preparedness and potential impact to Adtalem's strategy. As part of management's proactive risk identification and mitigation efforts, the ERM team has initiated the development of Risk Appetite Statements for each critical enterprise risk. These Risk Appetite Statements are expected to deepen our understanding of risks, enable effective action to mitigate risks and strengthen our risk culture.

Board/Committee	Primary Areas of Risk Oversight
Full Board	• Reputation • Legal and regulatory risk and 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 risk and compliance, including compliance and ethics program • Related party transactions • Capital structure • Investments • Climate-related disclosures and reporting • 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 • Sustainability, environmental, corporate social responsibility, and public and community affairs
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, including the succession of Mr. Beard as CEO in September 2021, 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 Chief Human Resources Officer 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.

Our Sustainability Commitment

SAFEGUARDING GLOBAL HEALTH AND THE ENVIRONMENT

We recognize that ESG practices and goals are important to our shareholders 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.

Adtalem is committed to confronting the challenges of climate change by reducing the impact of our operations. In fiscal year 2020, we launched a multi-year environmental initiative with the following three strategic goals to define our Energy Conservation Measures ("ECMs") and Green House Gas ("GHG") reduction activities through 2024:

1. Achieve a ten percent (10%) reduction (when compared to 2019 calendar year levels) of controllable energy use and GHG emission levels across Adtalem's U.S. properties by 2024;
2. Aim to initiate an average of one renewable energy project per year at an owned location from 2021 through 2024; and
3. Implement an enhanced waste and recycling initiative across Adtalem's controllable waste portfolio by the end of 2024.

These goals address a set of environmental issues that are important to us, including our impact on climate change and our effect on natural resources. The goals lay the foundation for our environmental vision and solidify our commitment to safeguard the environment. Throughout fiscal year 2022, we continued implementing energy conservation measures, such as phasing in the use of more efficient LED lighting fixtures. To date, we have replaced 60% of the lighting within our leased spaces and owned facilities with LED fixtures. This initiative, in addition to other conservation measures we have implemented since 2019, has allowed us to reduce energy and emissions by 30.9% and 37.8%, respectively, from our 2019 baseline. In accordance with Goal 2, during fiscal year 2022, we began upgrading an existing solar array in St. Maarten that will enhance energy efficiency and equip one of our locations with 184 additional hurricane-resistant solar panels. Once we complete this project in fiscal year 2023, the additional solar panels will provide approximately 125,421 kilowatt hours of clean energy per year. Throughout fiscal year 2022, we also made headway toward Goal 3 by instituting a competitive bid process that has enabled us to partner with local organizations to advance our recycling efforts more efficiently and cost effectively while supporting local businesses. Through various waste mitigation efforts we implemented in partnership with Rubicon, we diverted 23% of waste from landfills during fiscal year 2022. All of these results are through June 2022 and we recognize that energy and emissions data can differ year-to-year due to operational circumstances, attendance at institutions and external factors, such as COVID-19.

EMPOWERING INDIVIDUALS, IMPACTING GLOBAL COMMUNITIES

The principles of access and equity underpin our efforts to empower diverse, vibrant communities across the globe. Guided by our social mission to address critical workforce shortages through the education of diverse students, we seek to create sustainable workforces that represent the communities they serve. With projected nursing and physician shortages projected for the next decade, we are actively working to address these critical workforce shortages by providing training, expanding access to education and establishing robust employer partnerships. In 2022, 83% of the total population in our five institutions identified as female and 50% as ethnically diverse. Combined, our institutions graduate more than 100 Black/African American physicians annually, more than any U.S. medical school. Many of our graduates go on to serve communities that are medically underserved or low-income. In 2021, 44% of our medical school graduates practice in medically underserved or health professional shortage areas and 88% of our medical school graduates practice in low-income communities. This rate is higher than other U.S. medical school graduates.

The initiatives described above along with a detailed discussion of our Sustainability Commitment and its core pillars – Operating with Purpose and Responsibility; Safeguarding Global Health and the Environment; and Empowering Individuals, Impacting Global Communities can be found in Adtalem's 2022 Sustainability Report https://www.adtalem.com/media/5396/sustainability-report.pdf.

Information Security and Cybersecurity

Adtalem takes seriously the custody of student, employee, and stakeholder information, and therefore employs strong governance practices regarding information security. For example, Adtalem's Enterprise Information Security Framework policy and Information Governance and Security procedures are modeled on the National Institute of Standards and Technology (NIST) 800-53 policy framework. We continually evaluate the effectiveness of our security measures.

Some key safeguards include regularly scheduled penetration tests and vulnerability assessments and mandatory security awareness training for all users of our systems. Representative training topics include: protection of sensitive information, phishing, and mobile device security.

We utilize advanced security tools and software to protect our systems and information, to detect unauthorized activity, and to take expeditious corrective action, as required.

The Adtalem Audit and Finance Committee, comprised entirely of independent directors, assists the Board in its responsibilities of overseeing that the Company has established, documented, maintained, and periodically reevaluates its cybersecurity processes. Management reports on the state of the cybersecurity program to the Audit and Finance Committee on a quarterly basis. Additionally, Adtalem's IT general controls are audited annually by both the Company's internal function and the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP.

Adtalem maintains a cybersecurity insurance policy, which would potentially defray certain costs associated with a breach. In the last three years, to its knowledge, Adtalem has not experienced a significant information security breach.

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 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. As part of our shareholder outreach, we have met with shareholders holding approximately 59% of our shares. These included discussions of compensation matters, as well as ESG issues. 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 General Counsel and Corporate Secretary, Adtalem Global Education Inc., 500 West Monroe Street, Suite 1300, Chicago, IL 60661 and should prominently indicate on the outside of the envelope that it is intended for the Board, our Lead Independent Director, 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 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 and Corporate Secretary of Adtalem at the following address:

General Counsel and Corporate Secretary
Adtalem Global Education
500 West Monroe Street, Suite 1300
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 and students 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.

The Board reviewed 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 current 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 2022, Adtalem incurred approximately $212,000 in fees to The Northern Trust Company, which were partially offset against compensating balance credits earned on an average monthly outstanding balance of approximately $43 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.

There were no other related party transactions in fiscal year 2022 that required approval under our policies and procedures or the rules and regulations of the SEC.

Governance Principles/Code of Conduct and 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 employees including directors, officers, and full- and part-time employees and faculty of Adtalem Global Education Inc. and its subsidiaries. These documents are available on Adtalem's website at https://www.adtalem.com/media/166/governance-principles and https://www.adtalem.com/media/156/code_of_conduct.pdf. Any amendments or waivers of the Code of Conduct and Ethics will be disclosed at these website addresses.

We encourage individuals to speak up with questions, concerns or potential violations of our Code of Conduct, and we have a 24-hour reporting hotline administered through a third-party to offer anonymity to anyone reporting such issues. Information about our whistleblower policy and practices are included in the Code of Conduct. All reports, which are reviewed by the Audit and Finance Committee each quarter, are investigated promptly, thoroughly and fairly, and appropriate action is taken whenever necessary.

Compensation Committee Independence and Insider Participation

During fiscal year 2022, Michael W. Malafronte, William W. Burke, Lyle Logan, and Kenneth J. Phelan served on the Compensation Committee. No member of the Compensation Committee was, during 2022, an officer or employee of Adtalem, was formerly an officer of Adtalem, and other than the related person transaction between Adtalem and The Northern Trust Company, where Mr. Logan serves as an Executive Vice President and Managing Director, discussed above in Certain Relationships and Related Person Transactions, had any relationship requiring disclosure by Adtalem as a related person transaction under Item 404 of Regulation S-K. During 2022, none of the Company's executive officers served on the board of directors or a compensation committee of any other entity, any officers of which served on Adtalem's Board or our Compensation Committee.

DIRECTOR COMPENSATION

The competitiveness of the director compensation program is reviewed annually by the Compensation Committee with the assistance and input of Meridian Compensation Partners ("Meridian"), the Compensation Committee's independent compensation consultant. In fiscal year 2022, the director compensation program was benchmarked by Meridian and reviewed against Adtalem's peer group. As a result of that review, in the second half of fiscal year 2022, the Board increased by $2,500 the additional retainer paid to the Committee Chairs, other than the Compensation Committee Chair. No other changes were made for the year. In fiscal year 2022, non-employee directors continued to receive an annual retainer of $85,000, paid quarterly. After the increase in May 2022, the Chair of the Audit and Finance Committee received an additional annual retainer of $25,000, the Chair of the Compensation Committee continued to receive an additional retainer of $17,500, and the chairs of each of the other committees received an additional annual retainer of $12,500 for their roles as committee chairs. During fiscal year 2022, Ms. Wardell, our Executive Chairman of the Board, and former CEO and President, did not receive any additional compensation for her service as Chairman of the Board and Mr. Burke received an additional annual retainer of $35,000 for his service as Lead Independent Director. For fiscal year 2023, Ms. Wardell will receive the same compensation as our independent directors. Directors were reimbursed for any reasonable and appropriate expenditures attendant to Board membership.

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 2022.

As long-term incentive compensation for directors, each non-employee director received RSUs with an approximate value of $125,000 directly following the 2022 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 2021 vest upon the one-year anniversary of the grant date.

This table discloses all non-employee director compensation provided in fiscal year 2022 to the directors of Adtalem for their service as directors.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Total ($)
William W. Burke	142,500	124,870	267,370
Charles DeShazer	85,000	124,870	209,870
Mayur Gupta	90,082	124,870	214,952
Donna J. Hrinak	95,000	124,870	219,870
Georgette Kiser	95,000	124,870	219,870
Liam Krehbiel(3)	—	—	—
Lyle Logan	113,000(4)	124,870	237,870
Michael W. Malafronte	102,500	124,870	227,370
Sharon L. O'Keefe	85,000	124,870	209,870
Kenneth J. Phelan	85,000	124,870	209,870

(1) Includes all retainer fees paid or deferred pursuant to the Adtalem Global Education Inc. Nonqualified Deferred Compensation Plan.

(2) The amounts reported in the Stock Awards column represent the grant date fair value of 3,690 RSUs granted on November 10, 2021 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 17: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2022. The number of RSUs granted to each of the directors named above was determined by dividing $125,000 by $33.84, which represents the fair market value of a share of Common Stock on the November 10, 2021 award date, and rounding to the nearest 10 shares.

(3) Mr. Krehbiel was appointed to the Board effective June 6, 2022.

(4) This amount includes $18,000 in cash Mr. Logan 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, 2022 for each non-employee director listed above.

Name	RSUs Outstanding (#)
William W. Burke	3,690
Charles DeShazer	3,690
Mayur Gupta	3,690
Donna J. Hrinak	3,690
Georgette Kiser	3,690
Liam Krehbiel(1)	—
Lyle Logan	3,690
Michael W. Malafronte	3,690
Sharon L. O'Keefe	3,690
Kenneth J. Phelan	3,690

(1) Mr. Krehbiel was appointed to the Board effective June 6, 2022.

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 2023. 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 2023 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 2023.

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 2023.

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 2021 and 2022, 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, 2022. Adtalem's shareholders ratified the engagement at the Annual Meeting of Shareholders on November 10, 2021. 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.

The aggregate amounts included in Adtalem's financial statements for fiscal year 2022 and 2021 for fees billed or to be billed by PwC for audit and other professional services, respectively, were as follows:

	Fiscal Year 2022	Fiscal Year 2021
Audit Fees	$4,584,000	$2,628,000
Audit-Related Fees	$2,500,000	$ 850,000
Tax Fees	$ 965,324	$ 405,881
All Other Fees	$ 4,150	$ 18,000
Total	$8,053,474	$3,901,881

AUDIT FEES — Includes all services performed to comply with generally accepted accounting principles 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. The increase in audit fees for fiscal year 2022 is primarily due to work related to the acquisition of Walden University and the disposition of our Financial Services segment.

AUDIT-RELATED FEES — Audit-related fees of $2,500,000 were billed to us by PwC for fiscal year 2022, which included services performed related to carve-out financial statement audits prepared related to the sale of our Financial Services segment. Audit-related fees of $850,000 were billed to us by PwC for fiscal year 2021, which included services performed related to Adtalem's debt offerings and comfort letters.

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. The increase in tax fees for fiscal year 2022 is primarily due to work related to the acquisition of Walden University and the disposition of our Financial Services segment.

ALL OTHER FEES — Includes subscriptions for online accounting research services, fees for access to disclosure checklist, and fees to prepare a human resource benchmarking study.

AUDIT AND FINANCE COMMITTEE REPORT

To Our Shareholders:

The Audit and Finance Committee of Adtalem consists of three 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 2022, 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 2022, 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 General Counsel and Corporate Secretary, Adtalem's Chief Financial Officer, and Adtalem's Vice President, 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 2023. 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 2022, 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 the SEC; 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, 2022 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 2023.

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
Donna J. Hrinak
Michael W. Malafronte

PROPOSAL NO. 3

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

COMPENSATION DISCUSSION & ANALYSIS

The following pages summarize our executive compensation program for our NEOs. Our 2022 NEOs are:

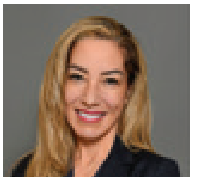
Stephen W. Beard
President and Chief Executive Officer

Robert J. Phelan
Senior Vice President, Chief Financial Officer

Douglas G. Beck
Senior Vice President, General Counsel and Corporate Secretary

John W. Danaher
President, Medical and Veterinary

Maurice Herrera
Senior Vice President, Chief Marketing Officer



Lisa W. Wardell
Former Executive Chairman and Chief Executive Officer

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.

Effective September 8, 2021, Mr. Beard was appointed President and CEO and Ms. Wardell was appointed Executive Chairman. Adtalem entered into Executive Employment Agreements with Ms. Wardell and Mr. Beard for their new roles as Executive Chairman and President and CEO, respectively. Ms. Wardell's appointment as Executive Chairman terminated effective September 7, 2022.

COMPENSATION OBJECTIVES

Our executive compensation program is designed to:

ALIGN INCENTIVES

Our purpose is to empower students to achieve their goals, find success and make inspiring contributions to our global community. Success in realizing our purpose drives growth, which leads to the 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.

Our executive compensation program is founded on aligning the attainment of our business transformation and growth objectives with commensurate rewards based on results achieved over both short- and long-term performance periods. The Compensation Committee believes this approach appropriately focuses executives on achieving our strategic priorities and provides appropriate upside and downside potential based on actual performance and results achieved over time.

Our program, particularly how we measure performance through both annual incentives and our long-term performance share plan, employs measures that support our fundamental shift in strategic focus for management and our organization at large.

Fiscal year 2022 highlights underscored by commitment to business transformation and growth

Key Achievements	How this positions us for growth
Completing the purchase of Walden University	• Reinvests capital (following the divestiture of Adtalem Brazil) via inorganic growth to expand market share of healthcare focused assets while harnessing synergies to accelerate returns and position us for short- and long-term growth; and • Complements existing portfolio while adding substantial scale and capabilities as a healthcare-focused education provider to capture the long-term durable demand for skilled healthcare professionals
Focus on integration readiness as a segue to realizing value capture	• Delivered our first-year target of $30 million in run-rate synergies and leveraged the integration as a catalyst to transform Adtalem, starting with the introduction of a more dynamic, efficient and better integrated operating model
Strengthening our bench and focus on excellence in talent	• Strengthened bench and supported long-term growth by investing in several key leadership hires with emphasis on general management, strategic marketing and growth-oriented roles, improving the succession pipeline in key functional and operational areas
Maintained Focus on Business Continuity - Normalized and prepared to expand business during pandemic	• Demonstrated agility with limited time and resources and despite the uncertainty during unprecedented times; • Delivered solid financial performance despite significant challenges to the business; • Managed through times of extreme uncertainty for Chamberlain University and the medical schools where clinical experience is key for student success; and • Consolidated brick and mortar administrative offices and managed a hybrid workforce

CONTINUED SHAREHOLDER OUTREACH

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, diversity, equity and inclusion, and strategy. Our goal is to provide transparency to ensure there is a clear understanding of our business and our operating and financial performance – as set forth in our public filings, through one-on-one discussions, non-deal road shows, and investor conferences.

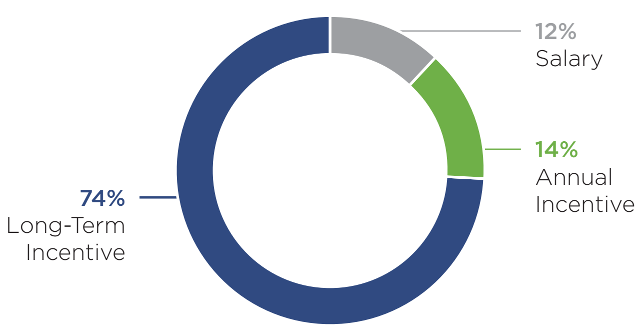
While we are very pleased by the positive response to the executive compensation program substantiated by our 92% 'say on pay' approval rating at the 2021 annual meeting, our ongoing commitment included proactive outreach to our top shareholders in 2022. Those shareholders that did provide feedback (which collectively hold approximately 59% of our shares) responded favorably to our executive compensation program, did not express any particular areas of concern and reiterated their support for the positive changes implemented last year.

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

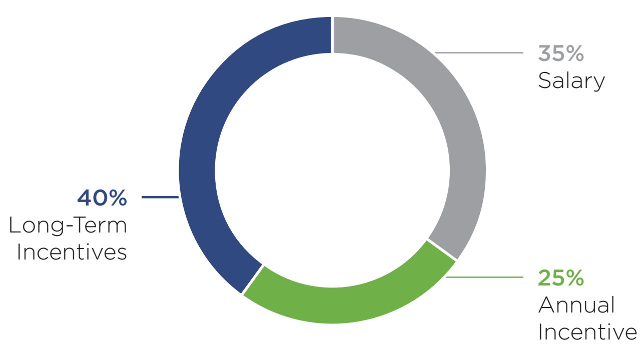
PAY-FOR-PERFORMANCE FOCUS

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 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.

MR. BEARD'S 2022 TARGET COMPENSATION MIX



OTHER NEO 2022 TARGET COMPENSATION MIX(1)(2)



(1) Excludes perquisites.

(2) Illustration represents fiscal year 2022 target compensation mix for Mr. Beard and the other NEOs with the exception of Ms. Wardell who was not eligible for an annual incentive award in fiscal year 2022. Mr. Beard's actual long-term incentive award for fiscal year 2022 was greater than his target long-term incentive award resulting from the negotiation with Adtalem of his compensation package in connection with his appointment as President and Chief Executive Officer.

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 regular long-term incentive program consists of equity-based awards whose value ultimately depends on our stock price performance. A significant portion of the annual long-term incentive program (half of the executive officers' annual awards) is granted in the form of PSUs, the number of which are earned based on our three-year performance versus return on invested capital ("ROIC") and free cash flow ("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 200% of the target number of PSUs. In the case of Mr. Beard, his fiscal year 2022 long-term incentive award consisted of stock options which represented 14% of his grant, RSUs which represented 55% of his grant, and PSUs which represented 31% of his grant. The fiscal year 2022 equity mix for Mr. Beard resulted from negotiations with Adtalem of his compensation package in connection with his appointment as President and Chief Executive Officer. Beginning in fiscal year 2023, we are eliminating stock options and shifting our equity mix for executive officers to 60% PSUs and 40% RSUs to strengthen pay-for-performance alignment.

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.

2022 COMPENSATION DECISIONS AND ACTIONS

Key Fiscal Year 2022 Compensation Decisions

BASE SALARY Page 49

Adtalem is committed to offering market competitive compensation to our key executives, including competitive base salaries. In fiscal year 2022, the Board and/or the Compensation Committee approved base salaries for Mr. Beard and each of our other NEOs in connection with certain organizational changes that occurred in early fiscal year 2022. The base salary of Mr. Beard was increased from $600,020 to $900,000, effective September 8, 2021, in connection with his appointment as President and Chief Executive Officer. The base salary of Mr. Phelan was increased from $350,000 to $480,000 in connection with his appointment as Chief Financial Officer. The base salary of Mr. Beck was increased from $500,000 to $515,000 through a merit increase of 3% as part of our normal compensation review process. The base salaries of Dr. Danaher and Mr. Herrera were set at $585,000 and $435,000 respectively, at the time each was hired by Adtalem in fiscal 2022. The base salary of Ms. Wardell remained unchanged at $1,100,000 in connection with her appointment as Executive Chairman, effective September 8, 2021. This reflected Ms. Wardell's focus on Board operations, governance matters, assisting with the transition to our new CEO, the divestiture of the Financial Services business and Adtalem's Global Legislative agenda.

ANNUAL INCENTIVES Page 50

For Mr. Beard, while serving as Chief Operating Officer, 70% of his fiscal year 2022 MIP award was based on Adtalem's financial performance, specifically adjusted earnings per share and adjusted revenue, and following his appointment as President and Chief Executive Officer, the financial performance component increased to 85% reflecting Mr. Beard's key responsibility in leading Adtalem's financial growth. The remaining 30%, which subsequently decreased to 15% in connection with his appointment as President and Chief Executive Officer, was based on individual performance. For the other NEOs (other than Ms. Wardell), 70% of the fiscal year 2022 MIP award was based on financial performance at Adtalem (adjusted earnings per share and adjusted revenue) or at the institutions for which the NEO is responsible (adjusted operating income and revenue), and the remaining 30% was based on individual performance. As provided in her Employment Agreement, Ms. Wardell was not eligible for a MIP award for fiscal year 2022 in her capacity as Executive Chairman.

Awards under the fiscal year 2022 MIP were earned at 29% of target for Mr. Beard and between 30% and 36% of target for the other NEOs. The MIP awards for Mr. Beard and the other NEOs reflect a payout for the individual performance component of MIP but no payout for the financial performance component of MIP, reflecting performance that was below threshold for fiscal year 2022.

LONG-TERM INCENTIVES Page 55

In fiscal year 2022, Mr. Beard and the other NEOs received long-term incentive awards consisting of performance-vesting PSUs, service-vesting stock options, and service-vesting RSUs.

PSU awards granted in August 2019 to NEOs[1], consisting of financial-based PSUs, vested in August 2022 including ROIC and FCF per share targets that were assessed over a three-year period. Based on our financial performance, the ROIC and FCF per share PSUs vested with an overall payout of 50.6% and 90.9% of target, respectively.

[1] *Excluding Mr. Phelan, Mr. Beck, Dr. Danaher, and Mr. Herrera who were not employed by Adtalem at the time of grant.*

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;
- The competitive landscape, trends and best pay practices;
- Financial performance of Adtalem and its individual institutions; and
- Advice of our independent outside compensation consultant.

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 2022.

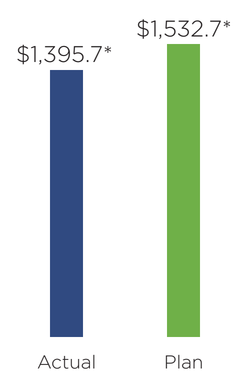
2022 Financial and Operational Highlights

Adtalem's fiscal year 2022 financial results reflect continued improvement of our operational performance and strengthening of our balance sheet, in the face of lingering macro challenges for the industry. Total enrollments at the end of fiscal year 2022 were over 77,000 students, resulting in revenue of $1.4 billion. During the year, we expanded operating margins through the rollout of our new operating model and the realization of synergies from the Walden University acquisition. For the full year, we grew operating margins by 230 basis points year over year and reported adjusted earnings per share of $3.05, which was 32% higher than the prior year. See Appendix A for a reconciliation to reported results.

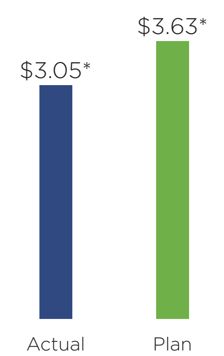
Significant progress was made on our key strategic priorities in fiscal year 2022 with the acquisition and ongoing integration of Walden University, a strategy designed to drive superior student outcomes, meet the critical workforce needs of our employer partners and drive value for our shareholders. We successfully completed the acquisition of Walden University in August 2021.

Despite improved operational performance, fiscal year 2022 adjusted revenue and adjusted earnings per share were below our operating plan, which served as the basis for our fiscal year 2022 MIP financial performance targets. As a result, there was no payout for the Adtalem adjusted revenue and adjusted earnings per share portion of the executive officers' MIP award.

FY22 ADJUSTED REVENUE



FY22 ADJUSTED EARNINGS PER SHARE



* Adjusted results exclude impact of special items. 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 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 awards
- ✖ 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 legislation and regulations
Alignment	• Promote commonality of interest with all stakeholders (including students, employees, employers, shareholders and taxpayers) • Reflect and reinforce Adtalem's values and culture • Promote commonality of interests across business units, geography and up, down and across the chain of command • Provide a balance between short- and long-term performance

Principle	Purpose
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	• Clearly communicate compensation structure, rationale and outcomes to all employees and shareholders • Provide simple and understandable structure that is easy for internal and external parties to understand • Maintain a reasonable and logical relationship between pay at different levels • Base plan on systematic goals that are objective and clear, with appropriate level of discretion

2022 EXECUTIVE COMPENSATION FRAMEWORK

Adtalem's fiscal year 2022 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)	Base Salary	Reflect experience, market competition and scope of responsibilities	Reviewed Annually	• Assessment of performance in prior year.	• Represents 12% and 35% of Total Direct Compensation for Mr. Beard and other NEOs (on average), respectively.
Annual Incentive (cash)	MIP	Reward achievement of short-term operational business priorities	1 year	• Adjusted Revenue* • Adjusted Earnings Per Share* • Individual Goals	• Represents 14% and 25% of Total Direct Compensation for Mr. Beard and other NEOs (on average), respectively.
Long Term Incentive (equity)	Stock Options	Reward stock price growth and retain key talent	4 year ratable	• Stock price growth	• Represents 30% of NEO LTI granted in FY22.**
	RSUs	Align interests of management and shareholders, and retain key talent			• Represents 20% of NEO LTI granted in FY22.**
	ROIC PSUs	Reward achievement of multi-year financial goals, align interests of management and shareholders, and retain key talent	3 year cliff	• ROIC	• Represents 50% of NEO LTI granted in FY22.**
	FCF PSUs			• FCF per share	

* 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.

** The long-term equity award for Mr. Beard in fiscal year 2022 included stock options which represented 14% of his grant, RSUs which represented 55% of his grant and PSUs which represented 31% of his grant. The fiscal year 2022 equity mix for Mr. Beard resulted from negotiations with Adtalem of his compensation package in connection with his appointment as President and Chief Executive Officer.

ANALYSIS OF 2022 EXECUTIVE COMPENSATION

Annual Base Salary Review

Annual base salaries for NEOs are intended to reflect the scope of their responsibilities, the experience they bring to their roles, and current market compensation for similar roles of other executives of companies that are peers of Adtalem. Once established, and under normal business conditions, base salaries are reviewed annually for adjustment 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 2022 Base Salary Decisions

In August 2021, the Board, based on the Compensation Committee's recommendation in consultation with Meridian, increased Mr. Beard's base salary from $600,020 to $900,000, effective September 8, 2021, in connection with his appointment as President and Chief Executive Officer and further determined to make no change to Ms. Wardell's base salary in connection with her appointment as Executive Chairman. Mr. Phelan's base salary was increased from $350,000 to $480,000 in connection with his appointment as Chief Financial Officer. Mr. Beck's base salary was increased from $500,000 to $515,000 through a merit increase of 3% as part of our normal compensation review process. The base salaries of Dr. Danaher and Mr. Herrera were set at the time they each were hired in fiscal year 2022.

ANNUAL BASE SALARY

	FY2021	FY2022	Percent Change
Stephen W. Beard	$ 600,020	$ 900,000	50.0%
Robert J. Phelan	$ 350,000	$ 480,000	37.1%
Douglas G. Beck	$ 500,000	$ 515,000	3.0%
John W. Danaher(1)	$ —	$ 585,000	—
Maurice Herrera(2)	$ —	$ 435,000	—
Lisa W. Wardell	$1,100,000	$1,100,000	0.0%

(1) Dr. Danaher was hired on August 23, 2021 and therefore did not have a salary for fiscal year 2021.

(2) Mr. Herrera was hired on October 18, 2021 and therefore did not have a salary for fiscal year 2021.

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.

Creating a Strong Link to Pay-for-Performance

We believe the MIP payouts made to our NEOs for fiscal year 2022 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.

How the MIP Works

MIP target award opportunities for each NEO are set by the Compensation Committee based on factors including external surveys of peer company 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.

For fiscal year 2022, the MIP provided Adtalem's NEOs (other than Mr. Beard and Ms. Wardell) with a target award opportunity ranging from 60% to 80% of base salary. The target award opportunity for Mr. Beard was set at 110% of base salary, an increase from 80% in his role as COO. In her role as Executive Chairman, Ms. Wardell was not eligible for a fiscal year 2022 MIP award. No other changes were made to the MIP target award opportunity as a percentage of base salary for the other NEOs.

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.

MIP Performance Measures

The Compensation Committee determined that Adtalem adjusted earnings per share and adjusted revenue, along with institution adjusted 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.

Actual earned awards are determined after the fiscal year has ended and audited financial results have been completed (i.e., in the first quarter of the next fiscal year). Thus, MIP awards for fiscal year 2022 were determined and paid in the early part of fiscal year 2023, after the results for the fiscal year ended June 30, 2022 were confirmed. The payout is based on Adtalem adjusted earnings per share and Adtalem adjusted revenue, and as applicable, institution adjusted operating income and institution revenue measures. MIP measures and goals are typically set by the Compensation Committee in the first quarter 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.

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 and dispositions, the Compensation Committee generally does not include revenue, and corresponding earnings per share or operating income, in its evaluation of achievement against targets unless such expected revenue, and corresponding earnings per share or operating income, had been factored into the performance target. Similarly, revenue, and corresponding earnings per-share or operating income performance is adjusted for dispositions during the year.

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[1] for fiscal year 2022 are as follows:

	Organizational, Institution and Individual Performance Measure Allocation				
	Adtalem Adj. Earnings Per Share	Adtalem Adj. Revenue	Institution Adj. Operating Income	Institution Revenue	Individual Performance
Stephen W. Beard - CEO	45%	40%			15%
Stephen W. Beard - COO	40%	30%			30%
Robert J. Phelan	40%	30%			30%
Douglas G. Beck	40%	30%			30%
John W. Danaher	20%	10%	25%	15%	30%
Maurice Herrera	40%	30%			30%

(1) Ms. Wardell did not receive an incentive payment for fiscal year 2022 and is therefore excluded from the table above.

2022 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 2022, these plans translated to financial performance goals of $1,532.7 million of adjusted revenue and $3.63 of adjusted earnings per share.

The table below shows the threshold, target, and maximum goals for adjusted revenue and adjusted earnings per share under the fiscal year 2022 MIP, the performance achieved, and the resulting payout.

Metric	Plan			Actual Results (excluding special items)[1]	Performance Relative to Plan	Payout %
	Threshold	Target	Maximum			
Adtalem Adj. Revenue	$ 1,456.1	$ 1,532.7	$ 1,609.3	$ 1,395.7	91.1%	0.0%
Adtalem Adj. Earnings Per Share	$ 3.27	$ 3.63	$ 3.99	$ 3.05	83.7%	0.0%

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

The fiscal year 2022 adjusted revenue target under the MIP was 69.0% higher than fiscal year 2021 actual results of $906.9 million, which reflected expected growth from the Walden University acquisition, as well as expected growth in the Chamberlain and Medical and Veterinary segments. The fiscal year 2022 adjusted earnings per share target goal under MIP was 57.1% higher than fiscal year 2021 actual results of $2.31, which, again reflected expected growth from the Walden University acquisition, as well as expected growth in the Chamberlain and Medical and Veterinary segments and cost control measures across all segments and home office.

Adtalem does not disclose the institution 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:

Stephen W. Beard (President and Chief Executive Officer)	• Create shareholder value through Walden University integration, new operating model and value capture • Divest Financial Services segment within fiscal year • Execute workforce solutions strategy to position portfolio for long-term sustainable growth • Sustain superior academic outcomes and student success
Robert J. Phelan (Senior Vice President, Chief Financial Officer)	• Develop program level P&Ls down to pre-home office EBITDA • Identify a repeatable measure of internal customer experience • Drive adoption of EBITDA and ROIC as primary measures of profitability and prudent capital allocation • Deliver the revised FY22 Operating Plan • Improve monthly operating review process for greater focus on leading indicators of revenue and dynamic resource allocation • Drive adoption of enterprise operating model • Redesign annual operating plan process to better align with enterprise strategy and support dynamic capital allocation • Develop and deploy a dynamic resource model for in-period shifting of resource to maximize return • Develop and reposition team as a strategic finance business partner, increase breadth of experiences across team, build a deeper bench and hire CAO and FP&A Lead • Meet or exceed value capture goal for finance group
Douglas G. Beck (Senior Vice President, General Counsel and Corporate Secretary)	• Deliver the revised FY22 Operating Plan • Improve talent, staffing and organizational structure of the Legal Department • Establish Legal Department's baseline Net Promoter Score for FY22, to be measured for improvement in future years • Reduce use of outside counsel • Successfully integrate Walden University into Adtalem's Legal Department • Successfully integrate Walden University into Adtalem's Regulatory Affairs Department • Meet or exceed value capture goal for Legal & Regulatory
John W. Danaher (President, Medical and Veterinary)	• Achieve and exceed academic targets for 3 institutions of Med/Vet • Achieve and exceed financial targets for the 3 institutions of Med/Vet • Develop growth strategies for the 3 institutions of Med/Vet • Achieve meaningful efficiencies in the operations of the 3 institutions of Med/Vet

Maurice Herrera (Senior Vice President, Chief Marketing Officer)	• Build effective high performing team • Identify a repeatable measure of internal customer experience • Increase dotcom conversion rate to deliver enrollments • Grow dotcom traffic share (combination of paid and unpaid) at higher rate than competitive set • Deliver the revised FY22 Operating Plan • Drive adoption of enterprise operating model • Raise earned media profile and reputation of priority institutions • Validate distinct and relevant brand propositions and visual identities for all brands • Meet or exceed value capture goal for marketing
Lisa W. Wardell (Former Executive Chairman and Chief Executive Officer)	• Launch a successful integration of Walden University including achieving year one run rate cost synergies of at least $30 million • Navigate Biden administration to effectively build awareness of Adtalem's (1) social mission; and (2) ability to help solve problems in healthcare and financial services industries • Continue building high performance team including a successful chief financial officer addition • Sustain current levels of performance on academic outcomes and student success

Fiscal Year 2022 MIP Decisions

Based on an evaluation of organizational performance relative to MIP measures set at the beginning of fiscal year 2022, the final MIP awards were partially based on the following financial results, as adjusted for special items described in Appendix A:

- Adtalem achieved 0% payout for the fiscal year 2022 adjusted revenue component; and
- Adtalem achieved 0% payout for the fiscal year 2022 adjusted earnings per share component.

In addition, a portion of the MIP award for Dr. Danaher was based on results from the performance of the institutions he oversees. Final MIP award calculations also took into consideration evaluations of individual performance for each NEO during the fiscal year. Based on all of these applicable factors, the Compensation Committee approved the following MIP awards to the NEOs[(1)]:

	Annual Target as a Percentage of Base Salary	FY2022 Target Award Opportunity	FY2022 Actual Award	Percent of Target Paid Based on FY2022 Performance
Stephen W. Beard[(2)]	80% and 110%	$893,592	$258,388	29%
Robert J. Phelan	80%	$355,451	$106,635	30%
Douglas G. Beck	70%	$360,500	$129,780	36%
John W. Danaher[(3)]	70%	$350,038	$115,513	33%
Maurice Herrera[(4)]	60%	$183,058	$ 60,409	33%

(1) Ms. Wardell did not receive an incentive payment for fiscal year 2022 and is therefore excluded from the table above.

(2) Mr. Beard's target was increased from 80% to 110% in September 2021 when he was appointed President and Chief Executive Officer and his fiscal year 2022 MIP award was pro-rated accordingly.

(3) Dr. Danaher's fiscal year 2022 incentive payment was pro-rated based on his hire date of August 23, 2021.

(4) Mr. Herrera's fiscal year 2022 incentive payment was pro-rated based on his hire date of October 18, 2021.

Set forth below, as an example of the MIP calculation for NEOs, is a summary of the calculation of the fiscal year 2022 award for Mr. Beard:

	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 Adj. Earnings Per Share	45%	$ 3.63	$ 3.05	83.7%	0.0%	$361,282	$ —
Adtalem Adj. Revenue	40%	$ 1,532.7	$ 1,395.7	91.1%	0.0%	$321,140	$ —
Individual Performance	15%				175.0%	$120,427	$210,748
Total CEO					26.3%	$802,849	$210,748
Adtalem Adj. Earnings Per Share	40%	$ 3.63	$ 3.05	83.7%	0.0%	$ 36,297	$ —
Adtalem Adj. Revenue	30%	$ 1,532.7	$ 1,395.7	91.1%	0.0%	$ 27,223	$ —
Individual Performance	30%				175.0%	$ 27,223	$ 47,640
Total COO					52.5%	$ 90,743	$ 47,640
Total					28.9%	$893,592	$258,388

In reviewing Mr. Beard's performance, the Compensation Committee evaluated his performance against each of his individual goals and determined a 175% payout for the individual performance component of his MIP award (which represents 30% of the total MIP opportunity for the period during which he served as COO and 15% of the total MIP opportunity for the period during which he served as CEO) was warranted and appropriate.

In determining MIP awards for the other NEOs, the Compensation Committee evaluated the NEOs against their individual goals taking into consideration the following performance highlights:

Robert J. Phelan	Mr. Phelan was instrumental in achieving the revised operating plan for the fiscal year through carefully planned cost saving measures. Mr. Phelan also put in place a new credit facility to support the acquisition of Walden and future operations, executed an accelerated share repurchase program and gained board approval for additional funds for open market share repurchase.
Douglas G. Beck	Mr. Beck was recognized for successfully resolving key legal cases and completing the integration of talent and processes in support of the new Adtalem operating model.
John W. Danaher	Dr. Danaher was recognized by the Committee for stabilizing the medical and veterinary institutions which were adversely affected by COVID-19 and achieving first-time residency attainment rates of 96% at AUC and 95% at RUSM.* The Committee also noted that he successfully built a team of thought leaders elevating expertise in medical and veterinary education.
Maurice Herrera	Mr. Herrera was hired by Adtalem in October 2021. He was recognized for reconstituting marketing as a center of excellence by assembling top talent and elevating the focus to be consumer-centric, outcomes-focused and data-driven.
Lisa W. Wardell	Ms. Wardell was not eligible for a fiscal year 2022 MIP payout.

Special Value Capture Incentive Opportunity

In November 2021, the Compensation Committee approved the Value Capture Incentive Opportunity which is a special bonus program that is designed to reward participants for identifying and executing on synergies related to the Walden University acquisition. Each of the NEOs, other than Mr. Beard and Ms. Wardell, are participants in the Value Capture Incentive Opportunity. For executive officers, payouts are tied to achieving pre-established realized levels of total Value Capture Incentive Opportunity funding equal to 3-5% of synergy cost targets, or $4 to $6 million. The Value Capture Incentive Opportunity payout for each executive officer, upon achievement of the target level of cost synergies is $200,000, with one-half of the payout to be paid upon successful achievement in fiscal year 2022 and one-half of the payout to be paid upon the successful achievement in fiscal year 2023.

**First time residency attainment rate is the percent of students attaining a 2022-23 residency position out of all graduates or expected graduates in 2021-22 who were active applicants in the 2022 National Resident Matching Program ("NRMP") match or who attained a residency position outside the NRMP match.*

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:

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

How the Long-Term Incentive Plan Works

The Compensation Committee granted equity awards to each of the NEOs (except Mr. Beard and Mr. Herrera) in August 2021 (stock options and RSUs) and November 2021 (PSUs) based on both retrospective and prospective considerations and organizational and individual considerations. The Compensation Committee granted equity awards to Mr. Beard in September 2021 (stock options and RSUs) upon his appointment as President and Chief Executive Officer and in November 2021 (PSUs). PSU grants were delayed until November 2021 in order to give the leadership team and the Compensation Committee time to evaluate the impact of the Walden University acquisition on the business and set goals that properly aligned management and shareholder interests. The Compensation Committee took into account the same seven criteria described in the "Annual Base Salary Review" section above in determining the amount of these awards. Annual equity awards were delivered through a mix of stock-based vehicles to provide a reasonable balance to the equity portfolio. All of the NEOs (other than Mr. Beard and Mr. Herrera) received a mix consisting of stock options (20%); RSUs (30%); and PSUs (25% ROIC/25% 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 annual 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. Beginning with fiscal year 2023, the Compensation Committee determined that it would no longer grant stock options. The elimination of stock options is intended to simplify the long-term incentive program and to shift more of the equity mix to performance-based equity awards. With the elimination of stock options, the equity mix for executive officers beginning with fiscal year 2023 will be 40% RSUs and 60% PSUs.

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 annual 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 2022, PSUs granted to the NEOs 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 (FY22-24)		
Performance Period	**Threshold (50% Payout)**	**Target (100% Payout)**	**Maximum (200% Payout)**
3-Year Goal for Fiscal Year 2022	9.6%	10.6%	11.6%

	FCF Per Share Performance Goals (FY22-24)		
Performance Period	**Threshold (50% Payout)**	**Target (100% Payout)**	**Maximum (200% Payout)**
3-Year Goal for Fiscal Year 2022	$5.29	$5.88	$6.47

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 anticipated future year targets to ensure we are appropriately working towards our long-term strategic plan.

Vesting for performance between threshold and target and between target and maximum is determined by straight-line interpolation. Vesting for the fiscal year 2022 PSU grant will be based on performance averaged over the three-year period.

Chief Executive Officer's Fiscal Year 2022 Long-Term Incentive Award

In connection with his appointment as President and Chief Executive Officer in September 2021, and following negotiations with Mr. Beard of his compensation package, the Compensation Committee recommended, and the Board granted, two separate equity awards as detailed in the table below. In September 2021, Mr. Beard received a grant of stock options, with a grant date value of $1,103,560, and RSUs, with a grant date value of $4,416,139, each subject to ratable vesting over four years. These awards were granted to enhance Mr. Beard's alignment with shareholders, provide an incentive for stock price growth and to foster retention. In addition to the grant of stock options and RSUs, in November 2021, Mr. Beard also received the opportunity to earn up to $2,500,000 in Adtalem Common Stock based on achievement of critical strategic milestones. 25% of Mr. Beard's award ($625,000) is based on the successful divesture of the financial services business and will fully vest provided the transaction closes by December 31, 2022. To that end, Adtalem successfully divested the financial services business on March 10, 2022 which resulted in the vesting of the award's first tranche described above. Adtalem's closing stock price on March 10, 2022 was $24.01, which resulted in an award of 26,031 shares to Mr. Beard.

75% of Mr. Beard's award ($1,875,000) will be earned upon the achievement of cost synergy goals related to the Walden University acquisition. The portion of the award based on the achievement of the cost synergy goals is split equally ($937,500 each) between (1) run rate synergies measured one year from the date of close of the Walden University acquisition, and (2) total cost synergies for the two-year period following the close of the Walden University acquisition. If earned, the award is settled in shares of Adtalem common stock, with the number of shares awarded based on Adtalem's closing stock price on the date of vesting. With respect to both portions of the award related to the achievement of cost synergy goals, there is no upside or downside opportunity. The award will only vest if the goals are achieved.

Additional NEO Fiscal Year 2022 Long-Term Incentive Awards

In addition to the annual equity awards made to Mr. Phelan, Mr. Beck, Dr. Danaher, and Ms. Wardell, an RSU award was granted to Mr. Phelan in November 2021 in recognition of his appointment as Chief Financial Officer, effective October 18, 2021, to foster retention and alignment with shareholders. A sign-on RSU award was granted to Dr. Danaher in August 2021 in connection with his hire as President, Medical and Veterinary on August 23, 2021. A sign-on RSU award was granted to Mr. Herrera in November 2021 in connection with his hire as Chief Marketing Officer on October 18, 2021. In the case of the awards granted to Dr. Danaher and Mr. Herrera, the awards were intended to replace, in part, the value of equity awards forfeited in connection with their termination of employment with their prior employers. The LTI value for Ms. Wardell was decreased by the Board in consideration of her transition to Executive Chairman.

Fiscal Year 2022 Long-Term Incentive Decisions

For fiscal year 2022, NEOs received the following stock-based awards:

	Stock Options	RSUs	PSUs	2022 Long-Term Incentive Grant
Stephen W. Beard[(1)]	$ 1,103,560	$ 4,416,139	$ 2,500,000	$ 8,019,699
Robert J. Phelan[(2)]	$ 38,089	$ 557,033	$ 94,752	$ 689,874
Douglas G. Beck	$ 120,070	$ 180,112	$ 299,822	$ 600,004
John W. Danaher[(3)]	$ 120,070	$ 1,480,276	$ 299,822	$ 1,900,168
Maurice Herrera[(4)]	$ —	$ 999,972	$ —	$ 999,972
Lisa W. Wardell[(5)]	$ 999,739	$ 1,499,964	$ 2,500,100	$ 4,999,803

(1) Reflects the value of awards granted to Mr. Beard in connection with his appointment as President and Chief Executive Officer on September 8, 2021. The awards consist of stock options and RSUs granted in September 2021 and PSUs granted in November 2021.

(2) Reflects the value of the annual awards granted to Mr. Phelan in August and November 2021 and the additional RSU award granted to Mr. Phelan in November 2021 in connection with his appointment as Chief Financial Officer on October 18, 2021. The November 2021 RSUs will vest ratably over a four-year period consistent with other RSUs granted to the NEOs.

(3) Reflects the annual awards granted to Dr. Danaher in August and November 2021 and the sign-on RSU award granted to Dr. Danaher in August 2021 in connection with his hire on August 23, 2021. The sign-on RSUs will vest ratably over a four-year period consistent with the other RSUs granted to the NEOs.

(4) Reflects the value of Mr. Herrera's sign-on award granted in RSUs in November 2021 in connection with his hire on October 18, 2021. The sign-on award will vest ratably over a three-year period.

(5) Reflects the value of the annual awards granted to Ms. Wardell in connection with her appointment as Executive Chairman on September 8, 2021.

Payouts from Fiscal Year 2020 PSU Awards

PSU awards granted to Mr. Beard and Ms. Wardell in August 2019 vested in August 2022. The PSU awards were split evenly between ROIC and FCF per share targets over the three-year performance period. The other NEOs did not receive PSUs for the August 2019 cycle.

For the August 2019 PSUs, the funded result for ROIC was 50.6% and for FCF per share was 90.9%. The tables below show the performance measures and targets established for the August 2019 PSUs, the performance achieved, and the resulting payout.

		Performance Goals			Payout (as a % of Target)
Goal		**Threshold (50% Payout)**	**Target (100% Payout)**	**Maximum (150% Payout)**	
ROIC	FY20-22 (3-year average)	**8.7%** 8.7%	11.2%	13.7%	50.6%
FCF per share	FY20-22 (3-year average)	$2.84	**$3.83** $4.05	$5.27	90.9%

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 independent members of 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, Chief Human Resources 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. 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.

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 2022, the Compensation Committee engaged Meridian as its independent executive compensation consultant.

Meridian reviewed Adtalem's executive compensation structure and incentive 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 2022, Meridian'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;
- Benchmarking competitive pay levels for NEOs and other executives;
- 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;
- Reviewing with management and the Compensation Committee the materials to be used in Adtalem's Proxy Statement; and
- Benchmarking the non-employee director compensation program.

The Compensation Committee has the sole authority to approve the independent compensation consultant's fees and terms of engagement. Thus, the Compensation Committee annually reviews its relationship with, and assesses the independence of, its independent consultant to ensure executive compensation consulting independence. The process includes a review of the services the independent consultant provides, the quality of those services, and fees associated with the services during the fiscal year. The Compensation Committee has assessed the independence of its independent consultants pursuant to applicable SEC rules and NYSE listing standards and has concluded that the independent consultants' 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 organizations, 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.

The following peer group was used for fiscal year 2022:

2U Inc.	Chemed	K12
Amedisys	Cross Country Healthcare	Laureate Education
American Public Education	Ensign Group	MEDNAX, Inc.
AMN Healthcare	Graham Holdings Company	Perdoceo Education
Bright Horizons Family Solutions LLC	Grand Canyon Education, Inc.	Strategic Education
Brookdale Senior Living Inc.	Houghton Mifflin Harcourt	WW International
Chegg	John Wiley & Sons	

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 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.

Adtalem has elected to fund its Nonqualified Deferred Compensation Plan obligations through a rabbi trust. The rabbi trust is subject to creditor claims in the event of an insolvency, but the assets held in the rabbi trust are not available for general corporate purpose. Participants have an unsecured contractual commitment by Adtalem to pay the amounts due under the Nonqualified Deferred Compensation 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 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 2022 versus 2021, 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 2022 Summary Compensation Table shows the amounts of benefit and perquisite compensation we provided for fiscal years 2020, 2021 and 2022 to each of the NEOs.

Employment Agreements

Adtalem has entered into employment agreements with each 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;
- Eligibility to receive annual equity awards under Adtalem's equity award plan(s)
- 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 page 71 under the caption "2022 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 facilitates the hiring of qualified executives and results in greater management stability and lower unwanted management turnover.

The Compensation Committee believes that the employment 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.

Separation Agreements

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.

See "2022 Potential Payments Upon Termination or Change-in-Control" beginning on page 71 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 maintain a significant ownership interest in the company. Each of our non-employee Board members are expected to maintain ownership of Adtalem Common Stock valued at or equal to five times their annual retainer.

For fiscal year 2022, required ownership levels for executive officers remained consistent with those put in place in fiscal year 2020 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:
Chief Executive Officer	Stephen W. Beard	5 times base salary
Executive Chairman	Lisa W. Wardell	5 times base salary
Chief Financial Officer	Robert J. Phelan	3 times base salary
All other executive officers	Douglas G. Beck, John W. Danaher and Maurice Herrera	1 1/2 times base salary

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 and directors 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 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 extenuating 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 that executive officer's 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." "Covered employees" include the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated officers. Once an executive officer qualifies as a covered employee, he or she will continue to be treated as a covered employee indefinitely, even after ceasing to serve as an executive officer or separating from Adtalem. Historically, the company's compensation plans were structured so that compensation would be performance-based and deductible under Section 162(m) of the Code. However, The Tax Cuts and Jobs Act enacted on December 22, 2017 eliminated the performance-based compensation exemption from the Section 162(m) $1 million per year dollar deduction limit, with an exception for certain "grandfathered agreements" in effect on November 2, 2017. The company intends to administer outstanding "grandfathered agreements" and plans to the extent compatible with business needs to preserve potential deductions.

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 Meridian as its consultant, 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, Meridian 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, hedging and pledging 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
Kenneth J. Phelan

Executive Compensation Tables

2022 SUMMARY COMPENSATION TABLE

This table shows the compensation of each of our NEOs for fiscal years ended June 30, 2022, June 30, 2021 and June 30, 2020, 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 ($)
Stephen W. Beard[7] President and Chief Executive Officer	2022	828,466	—	6,916,139	1,103,560	258,388	97,779	9,204,332
	2021	600,020	—	1,033,340	461,377	619,200	87,943	2,801,880
	2020	597,558	—	600,084	365,919	562,723	40,534	2,166,818
Robert J. Phelan[8] Senior Vice President, Chief Financial Officer	2022	436,615	—	651,785	38,089	106,635	67,295	1,300,419
	2021	350,000	60,000	306,842	47,697	242,104	37,493	1,044,136
Douglas G. Beck Senior Vice President, General Counsel and Corporate Secretary	2022	512,115	170,000	479,934	120,070	129,780	30,084	1,441,983
	2021	—	—	1,199,824	—	17,490	—	1,217,314
John W. Danaher[9] President, Medical and Veterinary	2022	472,500	275,000	1,780,098	120,070	115,513	17,766	2,780,947
Maurice Herrera[10] Senior Vice President, Chief Marketing Officer	2022	284,423	475,000	999,972	—	60,409	62,087	1,881,891
Lisa W. Wardell[11] Former Executive Chairman and Chief Executive Officer	2022	1,100,000	—	4,000,064	999,739	—	176,266	6,276,069
	2021	1,100,000	—	3,999,793	1,785,580	1,489,813	153,247	8,528,433
	2020	1,100,000	—	2,819,481	1,720,074	1,198,082	133,442	6,971,079

(1) This column shows the salaries paid by Adtalem to its NEOs in fiscal years 2022, 2021, and 2020. The following NEOs have elected to defer a portion of their salaries under the Nonqualified Deferred Compensation Plan: Mr. Beard ($144,767 for 2022, $144,477 for 2021, and $9,975 for 2020); Mr. Beck ($14,262 for 2022); Dr. Danaher ($136,750 for 2022); and Ms. Wardell ($214,981 for 2022, $309,132 for 2021, and $261,230 for 2020). Amounts shown are inclusive of these deferrals.

(2) This column includes (i) the $60,000 sign-on bonus paid to Mr. Phelan in fiscal year 2021; (ii) the $170,000 sign-on bonus paid to Mr. Beck in fiscal year 2022; (iii) the $275,000 sign-on bonus paid to Dr. Danaher in fiscal year 2022; and (iv) the $475,000 sign-on bonus paid to Mr. Herrera in fiscal year 2022.

(3) This column includes a sign-on grant value of $500,155 to Mr. Phelan, $1,300,164 to Dr. Danaher, and $999,972 to Mr. Herrera delivered in RSUs in fiscal year 2022 and a sign-on grant value of $1,199,824 to Mr. Beck delivered in RSUs in fiscal year 2021. The amounts reported in the Stock Awards column represents the grant date fair value of awards of both RSUs and PSUs, which is an estimated value computed in accordance with FASB ASC Topic 718. The assumptions used for fiscal years 2022, 2021, and 2020 calculations can be found at Note 17: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the years ended June 30, 2022, 2021, and 2020, 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 2022 Grants of Plan-Based Awards shows the values of PSU awards, assuming that the highest levels of the performance conditions are achieved. The grant date fair value of the PSUs is $33.84. The grant date fair value of the PSU awards assuming achievement of maximum performance would be: Mr. Beard – $2,500,000; Mr. Phelan – $189,504; Mr. Beck – $599,644; Dr. Danaher – $599,644; and Ms. Wardell – $5,000,200.

(4) The amounts reported in the Options Awards column represent the grant date fair value, which is an estimated value computed in accordance with FASB ASC Topic 718. The assumptions used for fiscal years 2022, 2021, and 2020 calculations can be found at Note 17: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the years ended June 30, 2022, 2021, and 2020, respectively.

(5) The MIP compensation reported in this column was earned in fiscal years 2022, 2021, and 2020 and paid in fiscal years 2023, 2022, and 2021, 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: Mr. Beard ($25,839 for 2022, $61,920 for 2021, and $56,272 for 2020); Mr. Beck ($12,978 for 2022); Dr. Danaher ($23,103 for 2022); and Ms. Wardell ($148,981 for 2021 and $119,808 for 2020). Amounts shown are inclusive of these deferrals.

(6) The amounts indicated in the "all other compensation" column for 2022 include the following:

- Matching contributions credited under the Retirement Plan for Mr. Beard ($19,084); Mr. Phelan ($19,800); Mr. Beck ($22,762); Dr. Danaher ($11,445); Mr. Herrera ($20,642); and Ms. Wardell ($19,631).
- Company contributions credited under the Nonqualified Deferred Compensation Plan for Mr. Beard ($61,153) and Ms. Wardell ($137,989).
- Group life insurance premiums paid by Adtalem for Mr. Beard ($1,242); Mr. Phelan ($1,995); Mr. Beck ($2,322); Dr. Danaher ($2,879); Mr. Herrera ($695); and Ms. Wardell ($2,346).
- Personal financial planning services for Mr. Beard ($16,300); Mr. Beck ($5,000); and Ms. Wardell ($16,300).
- Monthly stipend of $10,000 per month paid to Mr. Phelan in his role as Interim Chief Financial Officer ($45,500).
- Housing allowances for Mr. Herrera ($40,750).
- Medical and vision imputed income for Dr. Danaher ($3,442).

(7) Mr. Beard was appointed President and Chief Executive Officer on September 8, 2021.

(8) Mr. Phelan was appointed Senior Vice President and Chief Financial Officer on October 18, 2021.

(9) Dr. Danaher joined Adtalem as President, Medical and Veterinary on August 23, 2021.

(10) Mr. Herrera joined Adtalem as Senior Vice President and Chief Marketing Officer on October 18, 2021.

(11) Ms. Wardell was appointed Executive Chairman Board on September 8, 2021 after serving as Adtalem's President and Chief Executive Officer.

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 72-73 under the caption "Employment Agreements."

2022 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 2022.

	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]	
Stephen W. Beard										
	446,796	893,592	1,787,184							
11/10/2021					$2,500,000[12]					$2,500,000
9/8/2021								73,375	37.79	$1,103,560
9/8/2021							116,860			$4,416,139
Robert J. Phelan[9]										
	177,726	355,451	710,902							
11/10/2021				1,400	2,800	5,600				$ 94,752
8/25/2021								2,625	36.46	$ 38,089
8/25/2021							1,560			$ 56,878
11/10/2021							14,780[9]			$ 500,155
Douglas G. Beck										
	180,250	360,500	721,000							
11/10/2021				4,430	8,860	17,720				$ 299,822
8/25/2021								8,275	36.46	$ 120,070
8/25/2021							4,940			$ 180,112
John W. Danaher[10]										
	175,019	350,038	700,076							
11/10/2021				4,430	8,860	17,720				$ 299,822
8/25/2021								8,275	36.46	$ 120,070
8/25/2021							4,940			$ 180,112
8/25/2021							35,660[10]			$1,300,164
Maurice Herrera[11]										
	91,529	183,058	366,116							
11/10/2021							29,550[11]			$ 999,972
Lisa W. Wardell										
	—	—	—							
11/10/2021				36,940	73,880	147,760				$2,500,100
8/25/2021								68,900	36.46	$ 999,739
8/25/2021							41,140			$1,499,964

(1) Payouts under the MIP were based on performance in fiscal year 2022. Therefore, the information in the “Threshold,” “Target” and “Maximum” columns reflect the range of potential payouts when the performance goals were set on November 10, 2021. The amounts actually paid under the MIP for fiscal year 2022 appear in the “Non-Equity Incentive Plan Compensation” column of the 2022 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 0% for below threshold performance, and between 50% of target payout for threshold performance and 200% 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 25, 2021 and September 8, 2021 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 25, 2021 and September 8, 2021 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 stock options and RSUs granted on August 25, 2021 and PSUs (assuming payout at target value) granted on November 10, 2021 in fiscal year 2022, computed in accordance with FASB ASC Topic 718, which was $14.51 for stock options, $36.46 for RSUs, and $33.84 for PSUs. The grant date fair value of Mr. Beard's stock options and RSUs granted on September 8, 2021 was $15.04 for stock options and $37.79 for RSUs. Also see Note 17: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2022 for an explanation of the assumptions made by Adtalem in the valuation of stock option awards.

(9) These RSUs were granted in connection with Mr. Phelan's appointment as Chief Financial Officer.

(10) These RSUs were granted in connection with Dr. Danaher's onboarding package when joining Adtalem to replace awards he forfeited when he resigned from his former employer.

(11) These RSUs were granted in connection with Mr. Herrera's onboarding package when joining Adtalem to replace awards he forfeited when he resigned from his former employer.

(12) These PSUs were granted in connection with Mr. Beard's appointment as President and Chief Executive Officer. They were issued at a set grant value of $2,500,000 to be settled in shares based on the stock price on the future vesting date. See "Chief Executive Officer's Fiscal 2022 Long-Term Incentive Award" on Page 56 for additional information on this award.

2022 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, 2022.

	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]
Stephen W. Beard	11,606	3,869	49.05	8/22/2028				
	10,775	10,775	43.39	8/28/2029				
	9,431	28,294	32.03	8/26/2030				
	—	73,375	37.79	9/8/2031				
					132,411	4,762,824	27,280[7]	2,856,261
Robert J. Phelan	975	2,925	32.03	8/26/2030				
	—	2,625	36.46	8/25/2031				
					25,957	933,673	4,660	167,620
Douglas G. Beck	—	8,275	36.46	8/25/2031				
					28,295	1,017,771	8,860	318,694
John W. Danaher	—	8,275	36.46	8/25/2031				
					40,600	1,460,382	8,860	318,694
Maurice Herrera					29,550	1,062,914	—	—
Lisa W. Wardell	335,975	—	33.90	8/23/2027				
	50,650	50,650	43.39	8/28/2029				
	36,499	109,501	32.03	8/26/2030				
	—	68,900	36.46	8/25/2031				
					98,800	3,553,836	187,100	6,729,987

(1) The table below details the vesting schedule for stock option grants based on the expiration 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 related to a double grant awarded that vests 50% on each of the third and fourth anniversaries of the date of grant.

Option Expiration Dates	Grant Dates	Options Vesting Dates			
8/22/2028	8/22/2018	8/22/2019	8/22/2020	8/22/2021	8/22/2022
8/28/2029	8/28/2019	8/28/2020	8/28/2021	8/28/2022	8/28/2023
8/26/2030	8/26/2020	8/26/2021	8/26/2022	8/26/2023	8/26/2024
8/25/2031	8/25/2021	8/25/2022	8/25/2023	8/25/2024	8/25/2025
9/8/2031	9/8/2021	9/8/2022	9/8/2023	9/8/2024	9/8/2025

(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, except for Mr. Phelan's February 12, 2020 and May 12, 2021 and Mr. Herrera's November 10, 2021 dated grants. In addition to the annual grant, Mr. Phelan received a RSU grant on February 12, 2020 as part of an initial sign-on award granted upon his appointment as Chief Accounting Officer, which vests 33% on each of the first, second, and third anniversaries of the date of grant and a RSU grant on May 12, 2021 as part of compensation upon his appointment as Interim Chief Financial Officer, which vests 100% on the third anniversary of the date of grant. Mr. Herrera received a RSU grant on November 10, 2021 as part of an initial sign-on award granted upon his appointment as Chief Marketing Officer, which vests 33% on each of the first, second, and third anniversaries of the date of grant.

		Number of RSUs Vesting				
Name	Grant Date	Year 1	Year 2	Year 3	Year 4	Total
Stephen W. Beard	8/22/2018	—	—	—	1,148	1,148
Stephen W. Beard	8/28/2019	—	—	1,152	1,153	2,305
Stephen W. Beard	8/26/2020	—	4,033	4,032	4,033	12,098
Stephen W. Beard	9/8/2021	29,215	29,215	29,215	29,215	116,860
Robert J. Phelan	2/12/2020	—	—	2,924	—	2,924
Robert J. Phelan	8/26/2020	—	418	417	418	1,253
Robert J. Phelan	5/12/2021	—	—	5,440	—	5,440
Robert J. Phelan	8/25/2021	390	390	390	390	1,560
Robert J. Phelan	11/10/2021	3,695	3,695	3,695	3,695	14,780
Douglas G. Beck	6/14/2021	—	7,785	7,785	7,785	23,355
Douglas G. Beck	8/25/2021	1,235	1,235	1,235	1,235	4,940
John W. Danaher	8/25/2021	10,150	10,150	10,150	10,150	40,600
Maurice Herrera	11/10/2021	9,850	9,850	9,850	—	29,550
Lisa W. Wardell	8/28/2019	—	—	5,415	5,415	10,830
Lisa W. Wardell	8/26/2020	—	15,610	15,610	15,610	46,830
Lisa W. Wardell	8/25/2021	10,285	10,285	10,285	10,285	41,140

(3) Represents the value derived by multiplying the number of shares of Common Stock covered by RSUs granted by $35.97 (the closing market price of Adtalem's Common Stock on June 30, 2022).

(4) The table below details the vesting schedule for PSUs. In general, PSUs vest following the third anniversary of their grant date, except for Mr. Beard's November 10, 2021 dated grants. As part of Mr. Beard's initial sign-on award granted upon his appointment as President and Chief Executive Officer, Mr. Beard's November 10, 2021 dated grants included an award with regards to achievement of cost synergy goals related to the Walden University acquisition, which vests 50% on each of the first and second anniversary of the date of the Walden University acquisition.

Name	Grant Date	Vesting Date	Number of PSUs Vesting
Stephen W. Beard	8/28/2019	8/28/2022	9,220
Stephen W. Beard	11/17/2020	8/26/2023	18,060
Stephen W. Beard(1)	11/10/2021	8/12/2022	$ 937,500
Stephen W. Beard(1)	11/10/2021	8/12/2023	$ 937,500
Robert J. Phelan	11/17/2020	8/26/2023	1,860
Robert J. Phelan	11/10/2021	8/31/2024	2,800
Douglas G. Beck	11/10/2021	8/31/2024	8,860
John W. Danaher	11/10/2021	8/31/2024	8,860
Lisa W. Wardell	8/28/2019	8/28/2022	43,320
Lisa W. Wardell	11/17/2020	8/26/2023	69,900
Lisa W. Wardell	11/10/2021	8/31/2024	73,880

(1) These awards were issued at a set dollar value to be settled in shares based on the stock price on the future vesting date.

(5) Represents the value derived by multiplying the number of shares of Common Stock covered by the PSUs by $35.97 (the closing market price of Adtalem's Common Stock on June 30, 2022). The value provided assumes a PSU payout at target value.

2022 OPTIONS EXERCISES AND STOCK VESTED

This table provides information for the NEOs concerning stock options that were exercised and RSUs and PSUs that vested during fiscal year 2022.

	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]
Stephen W. Beard	—	—	37,333	1,020,219
Robert J. Phelan	—	—	3,340	84,804
Douglas G. Beck	—	—	7,785	246,707
John W. Danaher	—	—	—	—
Maurice Herrera	—	—	—	—
Lisa W. Wardell	359,907	13,945,611	21,025	778,256

(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 Mr. Beard, this amount represents RSUs originally granted in February 2018 that vested in February 2022 and RSUs originally granted in August 2018, August 2019, and August 2020 that vested in August 2021. For Mr. Beard, this amount represents PSUs originally granted in August 2018 that vested in August 2021 and PSUs originally granted in November 2021 that vested in March 2022. For Mr. Phelan, this amount represents RSUs originally granted in February 2020 that vested in February 2022 and RSUs originally granted in August 2020 that vested in August 2021. For Mr. Beck, this amount represents RSUs originally granted in June 2021 that vested in June 2022. For Ms. Wardell, this amount represents RSUs originally granted in August 2019 and August 2020 that vested in August 2021.

2022 NONQUALIFIED DEFERRED COMPENSATION

This table sets forth information about activity for NEOs in our Nonqualified Deferred Compensation Plan during fiscal year 2022.

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]
Stephen W. Beard	144,767	61,153	(35,837)	325,802
Robert J. Phelan	—	—	—	—
Douglas G. Beck	14,262	—	(1,152)	13,110
John W. Danaher	136,750	—	(18,604)	118,146
Maurice Herrera	—	—	—	—
Lisa W. Wardell	214,981	137,989	(258,198)	1,889,255

(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 2022 Summary Compensation Table, either in the "Salary" or "Non-Equity Incentive Plan Compensation" column. See footnotes 1 and 5 of the 2022 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 2022 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 2022. These amounts are not reported in the 2022 Summary Compensation Table.

(4) *Aggregate Balance at Last Fiscal Year End*. The aggregate balance as of June 30, 2022 reported in this column for each NEO reflects amounts that either are currently reported or were previously reported as compensation in the 2022 Summary Compensation Table for current or prior years, except for the aggregate earnings on deferred compensation.

NONQUALIFIED 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 Retirement Plan, and their matching contributions to the Retirement Plan are limited by applicable Code provisions. Adtalem may also credit participants' accounts with discretionary 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.

2022 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, 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.

Employment Agreements

MR. BEARD

Adtalem entered into an employment agreement with Mr. Beard effective as of his September 8, 2021 appointment as President and Chief Executive Officer. The employment agreement provides, among other things, that if his employment is terminated by Adtalem without “cause” or by Mr. Beard with “good reason,” and if he executes a release of claims, he 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 he executes a release of claims, he will be entitled to (i) a lump sum payment equal to two times base salary and the average of the MIP award paid to him for the prior two fiscal years; and (ii) accelerated vesting of all outstanding stock options.

OTHER NEOs

During 2022, Adtalem was party to similar employment arrangements with each of the other NEOs: Mr. Phelan, Mr. Beck, Dr. Danaher, Mr. Herrera, and Ms. Wardell. Ms. Wardell’s employment agreement expired pursuant to its terms on September 7, 2022. 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 times the sum of their base salary plus target MIP award, payable in 12 equal monthly payments for Mr. Phelan and Dr. Danaher; one and one-half times the sum of their base salary plus target MIP award, payable in 18 equal monthly payments for Mr. Beck and Mr. Herrera; and the sum of her base salary for the remainder of the employment period payable in one lump sum for Ms. Wardell;
- 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;
- 12 months of continued health benefit plan coverage for Mr. Phelan, Dr. Danaher, and Mr. Herrera; 18 months for Mr. Beck; and through the remainder of the employment period for Ms. Wardell, at active employee rates following the termination date; and
- Access to a senior executive level outplacement program for 6 months for Mr. Phelan, Dr. Danaher, and Mr. Herrera and 9 months for Mr. Beck.

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:

- One and one-half times the sum of their base salary plus target MIP award, payable in 18 equal monthly payments for Mr. Phelan, Dr. Danaher, and Mr. Herrera; two times the sum of his base salary plus target MIP award, payable in 24 equal monthly payments for Mr. Beck; and two times the sum of her base salary for the remainder of the employment period payable in one lump sum for Ms. Wardell;
- 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; and for Ms. Wardell the average of her MIP awards for the previous two fiscal years;
- 18 months of continued health benefit plan coverage for Mr. Phelan, Dr. Danaher, and Mr. Herrera and 24 months for Mr. Beck at active employee rates following the termination date; and
- Access to a senior executive level outplacement program for 9 months for Mr. Phelan, Dr. Danaher, and Mr. Herrera and 12 months for Mr. Beck.

For purposes of all 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, 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, 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.

The provisions of the equity award agreements under which options, RSUs, and PSUs 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, RSUs, and PSUs. 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 Fourth Amended 2013 Incentive Plan. As a result, vesting of equity awards granted since November 2017 (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.

2022 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, 2022.

TERMINATION OF EMPLOYMENT — NO CHANGE-IN-CONTROL

Name:	Stephen W. Beard	Robert J. Phelan	Douglas G. Beck	John W. Danaher	Maurice Herrera	Lisa W. Wardell
Salary:	$ 900,000	$480,000	$ 772,500	$ 585,000	$ 652,500	$207,945
MIP Target Amount:	$ —	$355,451	$ 540,750	$ 350,038	$ 274,587	$ —
Pro-Rated MIP:	$ 258,388	$106,635	$ 129,780	$ 115,513	$ 60,409	$ —
Continued Health Coverage:	$ 19,764	$ 19,764	$ 28,836	$ 19,764	$ 19,764	$ 3,736
Outplacement Services:	$ —	$ 10,000	$ 15,000	$ 10,000	$ 10,000	$ —
TOTAL	$1,178,152	$971,850	$1,486,866	$1,080,315	$1,017,260	$211,681

TERMINATION OF EMPLOYMENT FOLLOWING A CHANGE-IN-CONTROL

Name:	Stephen W. Beard	Robert J. Phelan	Douglas G. Beck	John W. Danaher	Maurice Herrera	Lisa W. Wardell
Salary:	$1,800,000	$ 720,000	$1,030,000	$ 877,500	$ 652,500	$ 415,890
MIP Target Amount:	$ 438,794	$ 533,177	$ 721,000	$ 525,057	$ 274,587	$ —
Pro-Rated MIP:	$ —	$ 106,635	$ 129,780	$ 115,513	$ 60,409	$ —
Continued Health Coverage:	$ —	$ 29,646	$ 38,448	$ 29,646	$ 29,646	$ —
Outplacement Services:	$ —	$ 15,000	$ 20,000	$ 15,000	$ 15,000	$ —
Value of Vesting of Unvested Stock Options, RSUs, and PSUs[1]	7,398,920	1,112,818	1,336,465	1,779,076	1,062,914	10,715,257
TOTAL	$9,637,714	$2,517,276	$3,275,693	$3,341,792	$2,095,056	$11,131,147

[1] The value of the unvested stock options is based on the difference between the exercise price and $35.97 (the closing market price of the Common Stock on June 30, 2022). The value of the RSUs and PSUs is based on the closing market price of the Common Stock on June 30, 2022. PSUs vest at the target level.

CHANGE-IN-CONTROL — NO TERMINATION OF EMPLOYMENT

Name:	Stephen W. Beard	Robert J. Phelan	Douglas G. Beck	John W. Danaher	Maurice Herrera	Lisa W. Wardell
Value of Vesting of Unvested Stock Options, RSUs, and PSUs[1]	$7,398,920	$1,112,818	$1,336,465	$1,779,076	$1,062,914	$10,715,257

[1] The value of the unvested stock options is based on the difference between the exercise price and $35.97 (the closing market price of the Common Stock on June 30, 2022). The value of RSUs and PSUs is based on the closing market price of the Common Stock on June 30, 2022. 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 as disclosed in the 2022 Summary Compensation Table, to the annual total compensation of our median employee.

Both Ms. Wardell and Mr. Beard served as our CEO during the fiscal year ended June 30, 2022. In accordance with Instruction 10 to Item 402(u) of Regulation S-K, we have elected to annualize Mr. Beard's total compensation for 2022 for purposes of this pay ratio disclosure as Mr. Beard was serving as our CEO on June 26, 2022, the date we used to identify our median employee. For the CEO pay ratio calculation, we calculated Mr. Beard's total compensation according to the same methodology used to calculate total compensation for our CEO in the Summary Compensation Table and annualized certain elements of his compensation, as appropriate.

For fiscal year 2022, 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 26, 2022 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, leased workers, and employees acquired through the acquisition of Walden University which closed in fiscal year 2022. Compensation was annualized for all employees who were hired by us in fiscal year 2022 but did not work for us for the entire year. No annualization was applied to any adjunct faculty as permitted under the rules. Fiscal year 2022 annual total compensation for the median employee was calculated in the same manner as reflected in the 2022 Summary Compensation Table for our CEO.

Based on the methodology described above, we have determined that fiscal year 2022 annual total compensation of our median employee was $42,016. The annual total compensation of our CEO for fiscal year 2022 was $7,402,353. The ratio of our CEO's fiscal year 2022 annual total compensation to the fiscal year 2022 annual total compensation of our median employee is 176:1.

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.

We believe our executive compensation program achieves our compensation principles, properly aligns the interests of our NEOS and our shareholders and is deserving of shareholder support. For these reasons, the Board recommends that the shareholders vote in favor of the following resolution:

"RESOLVED, that the compensation paid to the Adtalem Global Education Inc. named executive officers, as disclosed in the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders pursuant to the rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and any other related disclosures is hereby APPROVED."

The vote is advisory and not binding on the Company, the Board, or the Compensation Committee of the Board. However, the Compensation Committee of the Board expects to take into account the outcome of the vote as it considers our executive compensation program.

✓ The Board of Directors recommends a vote **FOR** the compensation of our named executive officers.

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 Fourth Amended 2013 Incentive Plan. Adtalem's shareholders have approved each of these plans.

The following table summarizes information, as of June 30, 2022, 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	2,316,064	$35.36	3,123,978
Equity compensation plans not approved by security holders	—	—	—
Total	2,316,064	$35.36	3,123,978

(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 Amended and Restated Incentive Plan of 2005 (22,107 shares) and the Fourth Amended 2013 Incentive Plan (2,293,957 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 Fourth Amended 2013 Incentive Plan. All of the shares remaining available for the grant of future awards of options, warrants, and rights are available under the Fourth Amended 2013 Incentive Plan. No new awards may be granted under the Amended and Restated Incentive Plan of 2005.

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 23, 2022, except as otherwise noted.

Name	Amount and Nature of Beneficial Ownership	Percentage Ownership[1]
BlackRock, Inc.	7,898,398[2]	17.4%
FMR LLC	7,464,709[3]	16.4%
The Vanguard Group	5,187,988[4]	11.4%
Ariel Investments, LLC	5,029,760[5]	11.1%
Dimensional Fund Advisors LP	3,698,005[6]	8.1%

(1) The percentage of beneficial ownership is based on 45,395,512 shares of Common Stock outstanding as of September 23, 2022.

(2) The information shown was provided by BlackRock, Inc. in a Schedule 13G/A it filed with the SEC on January 27, 2022, indicating its beneficial ownership as of December 31, 2021 of 7,898,398 shares. BlackRock reported that it has sole voting power over 7,744,880 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 10055.

(3) The information shown was provided by FMR LLC in a Schedule 13G/A it filed with the SEC on February 9, 2022, indicating its beneficial ownership as of December 31, 2021 of 7,464,709 shares. FMR LLC reported that it has sole voting power of 1,539,284 of these shares and sole dispositive power over all of these shares. The address of the principal business office of FMR LLC is 245 Summer Street, Boston, Massachusetts 02210.

(4) The information shown was provided by The Vanguard Group in a Schedule 13G/A it filed with the SEC on February 9, 2022, indicating its beneficial ownership as of December 31, 2021 of 5,187,988 shares. The Vanguard Group reported that it did not have sole voting power over any of these shares, shared voting power over 52,897 of these shares, sole dispositive power over 5,100,668 of these shares and shared dispositive power over 87,320 of these shares. The address of the principal business office of The Vanguard Group is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(5) The information shown was provided by Ariel Investments, LLC in a Schedule 13G it filed with the SEC on January 10, 2022, indicating its beneficial ownership as of December 31, 2021 of 5,029,760 shares. Ariel Investments, LLC reported that it has sole voting power over 4,847,427 of these shares and sole dispositive power over all of these shares. The address of the principal business office of Ariel Investments, LLC is 200 E. Randolph Street, Suite 2900, Chicago, IL 60601.

(6) The information shown was provided by Dimensional Fund Advisors LP in a Schedule 13G/A it filed with the SEC on February 8, 2022, indicating its beneficial ownership as of December 31, 2021 of 3,698,005 shares. Dimensional Fund Advisers reported that it has sole voting power over 3,620,824 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.

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 42, and (3) all directors and executive officers of Adtalem as a group, in each case as of September 23, 2022. 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, Suite 1300, Chicago, Illinois 60661.

Name of Beneficial Owner	Common Stock Beneficially Owned Excluding Options, RSUs, and PSUs[1]	Stock Options Exercisable as of September 23, 2022 and RSUs and PSUs Scheduled to Vest within 60 days of September 23, 2022[1]	Total Common Stock Beneficially Owned	Percentage Ownership[2]
Non-Employee Directors				
William W. Burke	10,343	3,690	14,033	*
Charles DeShazer	500	3,690	4,190	*
Mayur Gupta	—	3,690	3,690	*
Donna J. Hrinak	8,833	3,690	12,523	*
Georgette Kiser	8,282	3,690	11,972	*
Liam Krehbiel[3]	10,000	—	10,000	*
Lyle Logan	25,633	3,690	29,323	*
Michael W. Malafronte	96,300	3,690	99,990	*
Sharon L. O'Keefe	4,442	3,690	8,132	*
Kenneth J. Phelan	9,861	3,690	13,551	*
Named Executive Officers				
Stephen W. Beard	80,244	68,842	284,546	*
Robert J. Phelan	4,722	6,301	39,530	*
Douglas G. Beck	6,443	2,068	38,683	*
John W. Danaher	7,216	2,068	42,086	*
Maurice Herrera	—	9,850	33,930	*
Lisa W. Wardell	279,028	502,175	781,203	1.7%
All directors and executive officers as a group (23 Persons)	562,462	647,700	1,504,886	3.3%

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

(1) "Common Stock Beneficially Owned Excluding Options, RSUs, and PSUs" 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 as of September 23, 2022 and RSUs and PSUs that are scheduled to vest within 60 days after September 23, 2022 are shown separately in the "Stock Options Exercisable as of September 23, 2022 and RSUs and PSUs Scheduled to Vest within 60 days of September 23, 2022" column.

(2) In accordance with SEC rules, the securities reflected in the "Stock Options Exercisable as of September 23, 2022 and RSUs and PSUs Scheduled to Vest within 60 days of September 23, 2022" 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 23, 2022 based on outstanding shares of 45,395,512.

(3) Mr. Krehbiel was appointed to the Board effective June 6, 2022.

Additional Information

VOTING INSTRUCTIONS

You may vote shares of Common Stock that you owned as of September 23, 2022, 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

VIRTUALLY
Attend the Annual Meeting online at www.virtualshareholdermeeting.com/ATGE2022.

For telephone and internet voting, you will need the 16-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 8, 2022.

Attending the Annual Meeting

To join the Annual Meeting, login at www.virtualshareholdermeeting.com/ATGE2022. You will need the 16-digit control number included on your proxy card or in the instructions that accompanied your proxy materials. The Annual Meeting will begin at 8:00 a.m. Eastern Standard Time on November 9, 2022. Online check-in will be available beginning at 7:45 a.m. Eastern Standard Time to allow for shareholders to log in and test the computer audio system. Please allow ample time for the online check-in process. A replay of the Annual Meeting will also be posted on our website at www.adtalem.com for at least thirty (30) days after the meeting concludes.

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 virtually and vote by ballot. If you hold shares in street name and you want to vote 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 23, 2022, which is the record date for the Annual Meeting. On the record date, we had 45,395,512 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.

Submitting A Question at the Annual Meeting

You may submit a question before the meeting or during the meeting via our virtual shareholder meeting website, www.virtualshareholdermeeting.com/ATGE2022. If your question is properly submitted, we intend to respond to your question during the Annual Meeting. Questions on similar topics will be combined and answered together.

Technical Difficulties During the Annual Meeting

If we experience technical difficulties during the Annual Meeting (e.g. a temporary or prolonged power outage), our Chairman will determine whether the meeting can be promptly reconvened (if the technical difficulty is temporary) or whether the meeting will need to be reconvened on a later date (if the technical difficulty is more prolonged). In any situation, we will promptly notify shareholders of the decision via www.virtualshareholdermeeting.com/ATGE2022.

If you encounter technical difficulties accessing our Annual Meeting or asking questions during the Annual Meeting, a support line will be available on the login page of the virtual shareholder meeting website: www.virtualshareholdermeeting.com/ATGE2022.

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 RSU 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 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 General Counsel and Corporate Secretary,
- Submit a later-dated proxy or voting instruction form,
- Provide subsequent telephone or Internet voting instructions, or
- Vote virtually 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 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 virtually or by proxy. For the 2022 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

* 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 at the meeting 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 Innisfree M&A Incorporated to help us distribute and solicit proxies. Adtalem will pay Innisfree $20,000 plus expenses for these services. Adtalem will pay the cost of all proxy solicitation.

SHAREHOLDER PROPOSALS FOR 2023 ANNUAL MEETING

Shareholder proposals intended to be presented at the 2023 Annual Meeting of Shareholders in reliance on Rule 14a-8 under the Exchange Act must be received by Adtalem no later than June 16, 2023, 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 General Counsel and Corporate Secretary, not later than August 11, 2023. The notice must contain the information required by the By-Laws.

AVAILABILITY OF FORM 10-K

A copy of Adtalem's 2022 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 General Counsel and Corporate Secretary at Adtalem Global Education Inc., 500 West Monroe Street, Suite 1300, 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/financials/sec-filing and from the SEC's EDGAR database at www.sec.gov.

HOUSEHOLDING

Adtalem delivers only one Notice of Annual Meeting and Proxy Statement and the 2022 Annual Report to multiple shareholders sharing the same address unless it has received different instructions from one or more of them. This method of delivery is known as "householding." Householding reduces the number of mailings you receive, saves on printing and postage costs and helps the environment. Adtalem will, upon written or oral request, promptly deliver a separate copy of the Notice of Annual Meeting and Proxy Statement and 2022 Annual Report to a shareholder at a shared address. If you would like to change your householding election, request that a single copy of this or future proxy materials be sent to your address, or request a separate copy of this or future proxy materials, you should submit this request by writing Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or calling 1-866-540-7095.

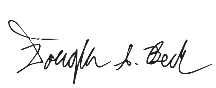
DELINQUENT SECTION 16(a) REPORTS

Under U.S. securities laws, directors, certain officers and persons holding more than 10% of our common stock must report their initial ownership of our common stock and any changes in their ownership to the SEC. The SEC has designated specific due dates for these reports and we must identify in this Proxy Statement those persons who did not file these reports when due. Based solely on our review of copies of the reports filed with the SEC and the written representations of our directors and executive officers, we believe that all reporting requirements for fiscal year 2022 were complied with by each person who at any time during the 2022 fiscal year was a director or an executive officer or held more than 10% of our common stock except for the following: Due to the late receipt of a report, Mr. Logan inadvertently filed a Form 4 five days late on July 12, 2021 to report the withdrawal of the cash value of phantom shares held under the Company's deferred compensation plan.

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



Douglas G. Beck
Senior Vice President, 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.

ROIC, which is used as a performance threshold for PSUs granted in fiscal years 2020, 2021 and 2022 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 2022 ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE FOR PERFORMANCE ASSESSMENTS TO REPORTED NET INCOME AND EARNINGS PER SHARE

For fiscal year 2022, 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 deferred revenue adjustment related to a revenue purchase accounting adjustment to record Walden University's deferred revenue at fair value;
- Exclusion of CEO transition costs related to acceleration of stock-based compensation expense;
- Exclusion of restructuring expense primarily related to plans to achieve synergies with the Walden University acquisition and real estate consolidations at Medical and Veterinary and Adtalem's home office;
- Exclusion of business acquisition and integration expense, which includes expenses related to the Walden University acquisition;
- Exclusion of Walden University intangible amortization expense on acquired intangible assets;
- Exclusion of pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt, which relates to financing arrangements in connection with the Walden University acquisition and prepayment of debt;
- Exclusion of interest savings from debt prepayments; and
- Exclusion of discontinued operations including the operations of Financial Services and costs related to DeVry University.

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

	in thousands	per share
Net income, as reported	$ 317,705	$ 6.57
Exclusions:		
Deferred revenue adjustment (pretax)	$ 8,561	$ 0.18
CEO transition costs (pretax)	$ 6,195	$ 0.13
Restructuring charges (pretax)	$ 25,628	$ 0.53
Business acquisition and integration expense (pretax)	$ 53,198	$ 1.09
Walden University intangible amortization expense (pretax)	$ 97,274	$ 1.99
Pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt (pretax)	$ 48,804	$ 1.00
Debt prepayment interest savings (pretax)	$ (12,420)	$(0.25)
Income tax impact of above exclusions	$ (48,489)	$(0.99)
Discontinued operations (after tax)	$ (347,532)	$(7.18)

	in thousands	per share
Net income, as adjusted for determination of MIP payout	$ 148,924	$ 3.05
Inclusion of Financial Services	$ 33,070	
Net income, as adjusted for determination of ROIC	$ 181,994	
Long-term debt and shareholders' equity:		
Fiscal year 2022, as reported	$2,364,282	
Fiscal year 2021, as reported	$2,392,070	
Average for determination of ROIC	$2,378,176	
ROIC	7.7%	

RECONCILIATION OF FISCAL YEAR 2022 ADJUSTED REVENUE FOR PERFORMANCE ASSESSMENTS TO REPORTED REVENUE

For fiscal year 2022, Adtalem's calculation of Adjusted Revenue, which is a performance metric factoring in the determination of MIP payouts, was adjusted from reported Revenue for the following special item:

- Inclusion of deferred revenue adjustment related to a revenue purchase accounting adjustment to record Walden University's deferred revenue at fair value

Revenue, as reported	$1,387,122
Include: Deferred revenue adjustment	8,561
Revenue, as adjusted	$1,395,683

FISCAL YEAR 2022 FCF PER SHARE FOR PERFORMANCE ASSESSMENTS

For fiscal year 2022, Adtalem's calculation of Adjusted FCF was adjusted for the cash impact from special items (as discussed above).

	(in thousands, except per share amounts)
Net cash provided by operating activities-continuing operations	$163,825
Capital expenditures	$(31,054)
FCF	$132,771
Cash impact from special items	$ 94,473
Cash impact from debt prepayment interest savings	$ (3,607)
Inclusion of Financial Services	$ 29,792
FCF, as adjusted for determination of FCF	$253,429
Diluted shares	48,804
FCF per share	$ 5.19

RECONCILIATION OF FISCAL YEAR 2021 ADJUSTED NET INCOME AND EARNINGS PER SHARE FOR PERFORMANCE ASSESSMENTS TO REPORTED NET INCOME AND EARNINGS PER SHARE

For fiscal year 2021, 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 primarily related to Adtalem's home office and ACAMS real estate consolidations, and a write-down of EduPristine's assets;
- Exclusion of business acquisition and integration expense, which includes expenses related to the Walden University acquisition;
- Exclusion of pre-acquisition interest expense, which relates to financing arrangements in connection with the Walden University acquisition; and
- Exclusion of discontinued operations including the operations of Adtalem Brazil, Carrington College, and DeVry University.
- In addition, the amount of pre-acquisition debt was adjusted from the long-term debt and shareholders' equity calculation.

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

	in thousands	per share
Net income, as reported	$ 76,909	$ 1.49
Exclusions:		
Restructuring charges (pretax)	$ 9,804	$ 0.19
Business acquisition and integration expense (pretax)	$ 31,593	$ 0.61
Pre-acquisition interest expense (pretax)	$ 26,746	$ 0.52
Income tax impact of above exclusions	$ (16,501)	$ (0.32)
Discontinued operations (after tax)	$ 25,127	$ 0.49
Adjusted net income	$ 153,678	$ 2.98
Long-term debt and shareholders' equity:		
Fiscal year 2021, as reported	$ 2,392,070	
Exclusion of pre-acquisition debt	$ (800,000)	
Fiscal year 2021, as adjusted	$ 1,592,070	
Fiscal year 2020, as reported	$ 1,604,421	
Average for determination of ROIC	$ 1,598,246	
ROIC	9.6%	

For the fiscal year 2021 ROIC award only, Adtalem's calculation of long-term debt and shareholders' equity was further adjusted for the following items:

- Exclusion of the net income impact from special items (as discussed above); and
- Exclusion of share repurchases.

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

	in thousands	per share
Net income, as reported	$ 76,909	$ 1.49
Exclusions:		
Restructuring charges (pretax)	$ 9,804	$ 0.19
Business acquisition and integration expense (pretax)	$ 31,593	$ 0.61
Pre-acquisition interest expense (pretax)	$ 26,746	$ 0.52
Income tax impact of above exclusions	$ (16,501)	$(0.32)
Discontinued operations (after tax)	$ 25,127	$ 0.49
Adjusted net income	$ 153,678	$ 2.98
Long-term debt and shareholders' equity:		
Fiscal year 2021, as reported	$ 2,392,070	
Exclusion of pre-acquisition debt	$ (800,000)	
Exclusion of special items	$ 76,769	
Exclusion of share repurchases	$ 100,000	
Fiscal year 2021, as adjusted	$ 1,768,839	
Fiscal year 2020, as reported	$ 1,604,421	
Average for determination of ROIC	$ 1,686,630	
ROIC	9.1%	

FISCAL YEAR 2021 FCF PER SHARE FOR PERFORMANCE ASSESSMENTS

For fiscal year 2021, Adtalem's calculation of Adjusted FCF was adjusted for the cash impact from special items (as discussed above).

	(in thousands, except per share amounts)
Net cash provided by operating activities-continuing operations	$ 223,158
Capital expenditures	$ (48,664)
FCF	$ 174,494
Cash impact from special items	$ 17,803
FCF, as adjusted for determination of FCF	$ 192,297
Diluted shares	51,645
FCF per share	$ 3.72

RECONCILIATION OF FISCAL YEAR 2020 ADJUSTED NET INCOME AND EARNINGS PER SHARE FOR PERFORMANCE ASSESSMENTS TO REPORTED NET INCOME AND EARNINGS PER SHARE

For fiscal year 2020, 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 Loss and Loss per Share for the following special items:

- Exclusion of restructuring charges primarily related to the sale of Becker Professional Education's courses for healthcare students, Adtalem's home office and ACAMS real estate consolidations and workforce reductions across the organization, which were not primarily related to COVID-19;
- Exclusion of a gain related to the sale of Adtalem's Columbus, Ohio campus facility;
- Exclusion of a gain on the deal-contingent foreign currency hedge arrangement entered into in connection with the sale of Adtalem Brazil to economically hedge the Brazilian Real denominated purchase price through mitigation of the currency exchange rate risk;
- Exclusion of adjustments to the income tax charges related to implementation of the Tax Cuts and Jobs Act of 2017;
- Exclusion of a net tax benefit for a former subsidiary investment loss;
- Exclusion of discontinued operations including the operations of Adtalem Brazil, Carrington College, and DeVry University; and
- Inclusion of the first three quarter of income for actual performance of Adtalem Brazil prior to its sale in April 2020 and three months of forecasted income of Adtalem Brazil to annualize Adtalem Brazil's results (for ROIC payout only).

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

	in thousands	per share
Net loss, as reported	$ (85,334)	$(1.58)
Exclusions:		
Restructuring charges (pretax)	$ 28,628	$ 0.53
Gain from real estate sale (pretax)	$ (4,779)	$(0.09)
Gain on derivative (pretax)	$ (110,723)	$(2.05)
Tax Cuts and Jobs Act of 2017	$ (2,230)	$(0.04)
Net tax benefit for a former subsidiary investment loss	$ (25,668)	$(0.47)
Income tax impact of above exclusions	$ (5,648)	$(0.10)
Discontinued operations (after tax)	$ 329,315	$ 6.09
Net income, as adjusted for determination of MIP payout	$ 123,541	$ 2.28
Inclusion of Adtalem Brazil	$ 26,341	
Net income, as adjusted for determination of ROIC	$ 149,882	
Long-term debt and shareholders' equity:		
Fiscal year 2022, as reported	$ 1,604,421	
Fiscal year 2021, as reported	$ 1,798,530	
Average for determination of ROIC	$ 1,701,476	
ROIC	8.8%	

FISCAL YEAR 2020 FCF PER SHARE FOR PERFORMANCE ASSESSMENTS

	(in thousands, except per share amounts)
Net cash provided by operating activities-continuing operations	$ 149,565
Capital expenditures	$ (44,137)
FCF	$ 105,428
Inclusion of Adtalem Brazil	$ 34,714
FCF, as adjusted for determination of FCF	$ 140,142
Diluted shares	$ 54,094
FCF per share	$ 2.59

We believe that certain non-GAAP financial measures provide investors with useful supplemental information regarding the underlying business trends and performance of Adtalem's ongoing operations as seen through the eyes of management and are useful for period-over-period comparisons. We use these supplemental non-GAAP financial measures internally in our assessment of performance and budgeting process. However, these non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. The following are non-GAAP financial measures used in this Proxy Statement: Adjusted Revenue, Adjusted Earnings Per Share, Free Cash Flow Per Share, and Adjusted Net Income.

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, 2022

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: 001-13988

Adtalem Global Education Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**36-3150143** (I.R.S. Employer Identification No.)
500 West Monroe Street **Chicago, Illinois** (Address of principal executive offices)	**60661** (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(s)	Name of each exchange on which registered
Common stock, $0.01 par value per share	**ATGE**	**New York Stock Exchange**
Common stock, $0.01 par value per share	**ATGE**	**Chicago Stock Exchange**

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 check mark 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2021, was $1,449,122,422 based on the closing price of $29.56 per share of Common Stock as reported on the New York Stock Exchange.

As of August 4, 2022, there were 45,204,117 shares of the registrant's common stock, $0.01 par value per share outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference to the registrant's definitive proxy statement, to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year ended June 30, 2022.

Adtalem Global Education Inc.
Form 10-K
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Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact, which includes statements regarding the future impact of the novel coronavirus ("COVID-19") pandemic, the efficacy and distribution of the vaccines, and the expected synergies from the recent Walden acquisition. Forward-looking statements can also be identified by words such as "future," "believe," "expect," "anticipate," "estimate," "plan," "intend," "may," "will," "would," "could," "can," "continue," "preliminary," "range," and similar terms. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include the risk factors described in Part I, Item 1A. "Risk Factors," which should be read in conjunction with the forward-looking statements in this Annual Report on Form 10-K. These forward-looking statements are based on information available to us as of the date any such statements are made, and we do not undertake any obligation to update any forward-looking statement, except as required by law.

PART I

Item 1. Business

Overview

In this Annual Report on Form 10-K, Adtalem Global Education Inc., together with its subsidiaries, is collectively referred to as "Adtalem," "we," "our," "us," or similar references. 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.

Adtalem is a leading healthcare educator and workforce solutions innovator. 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 offer a wide array of programs, with a primary focus on healthcare programs.

Adtalem is committed to improving healthcare delivery through expanding access to aspiring healthcare clinicians and equipping them to advance health equity and address social determinants of health. Adtalem is dedicated to delivering superior value by consistently providing students a high quality and differentiated learning experience that enables them to ultimately achieve their academic and professional goals.

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 building quality brands and the infrastructure necessary to compete in an increasingly competitive global market.

On August 12, 2021, Adtalem completed the acquisition of all the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company ("e-Learning"), and its subsidiary, Walden University, LLC, a Florida limited liability company (together with e-Learning, "Walden"), from Laureate Education, Inc. ("Laureate" or "Seller") in exchange for a purchase price of $1.5 billion in cash (the "Acquisition").

On March 10, 2022, we completed the sale of Association of Certified Anti-Money Laundering Specialists ("ACAMS"), Becker Professional Education ("Becker,") and OnCourse Learning ("OCL") for $962.7 million, net of cash of $21.5 million, subject to post-closing adjustments. On June 17, 2022, we completed the sale of EduPristine for de minimis consideration.

Segments Overview

During the first quarter of fiscal year 2022, Adtalem made a change to its reportable segments to align with current strategic priorities and resource allocation.

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when ACAMS, Becker, OCL, and EduPristine were classified as discontinued operations and assets held for sale. In accordance with U.S. generally accepted accounting principles ("GAAP"), we have classified the ACAMS, Becker, OCL, and EduPristine entities as "Held for Sale" and "Discontinued Operations" in all periods presented as applicable. As a result, all financial results, disclosures, and discussions of continuing operations in this Annual Report on Form 10-K exclude ACAMS, Becker, OCL, and EduPristine operations, unless otherwise noted. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations. See Note 4 "Discontinued Operations and Assets Held for Sale" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional discontinued operations information.

We present three reportable segments as follows:

Chamberlain – Offers degree and non-degree programs in the nursing and health professions postsecondary education industry. This segment includes the operations of Chamberlain University ("Chamberlain").

Walden – Offers more than 100 online certificate, bachelor's, master's, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden, which was acquired by Adtalem on August 12, 2021. See Note 3 "Acquisitions" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on the acquisition.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of the American University of the Caribbean School of Medicine ("AUC"), Ross University School of Medicine ("RUSM"), and Ross University School of Veterinary Medicine ("RUSVM"), which are collectively referred to as the "medical and veterinary schools."

"Home Office and Other" includes activities not allocated to a reportable segment. Financial and descriptive information about Adtalem's reportable segments is presented in Note 21 "Segment Information" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Chamberlain

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 three-year onsite and online Bachelor of Science in Nursing ("BSN") degree, an online Registered Nurse ("RN") to BSN ("RN-to-BSN") degree completion option, an online Master of Science in Nursing ("MSN") degree, including Family Nurse Practitioner ("FNP") and other specialties, and the online Doctor of Nursing Practice ("DNP") degree.

Chamberlain offers an online Master of Public Health ("MPH") degree program and an online Master of Social Work ("MSW") degree program, which launched in July 2017 and September 2019, respectively, both of which are offered through its College of Health Professions. Chamberlain is also enrolling new students for its Master of Physician Assistant Studies ("MPAS") degree program, offered at the Chicago, Illinois campus, with the first cohort scheduled to begin classes in September 2022.

Chamberlain provides an educational experience distinguished by a high level of care for students, academic excellence, and integrity delivered through its 23 campuses and online. Chamberlain is committed to graduating health professionals who are empowered to transform healthcare worldwide. Chamberlain had 32,891 students enrolled in the May 2022 session, a decrease of 5.8% compared to the prior year.

Chamberlain’s pre-licensure BSN degree is a baccalaureate program offered at its campus locations as well as online in specific states. 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. Beginning in September 2019, Chamberlain also began offering an evening/weekend BSN option at select campuses. In September 2020, Chamberlain launched its online BSN option which offers a blend of flexibility, interactivity, and experiential learning. The program is available to students living in 18 states (Alabama, Alaska, Hawaii, Illinois, Iowa, Kansas, Maryland, Minnesota, Missouri, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah, Virginia, West Virginia, and Wisconsin). Chamberlain pre-licensure BSN students who completed the National Council Licensure Examination (“NCLEX”) had an overall pass rate of 85% in 2021 and 91% in 2020. The national NCLEX pass rate was 86% for 2021 and 90% for 2020.

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 five non-direct-care specialty tracks: Educator, Executive, Informatics, Population Health, and Healthcare Policy. These programs require 36 credit hours and 144 to 217 practicum hours and are designed to be completed in approximately two years of part-time study. The accelerated MSN program offers an advanced generalist and clinical nursing leadership (“CNL”) concentration. The advanced generalist concentration requires 30 credit hours and 144 practicum hours designed to be completed in as little as nine months of full-time study. The CNL concentration requires 36 credit hours and 432 practicum hours designed to be completed in one year of full-time study. The accelerated RN-to-MSN program offers associate or diploma-prepared RNs an opportunity to earn an MSN versus a BSN with the option of completing the advanced generalist concentration requiring 45 credit hours and 144 practicum hours completed in one year of full-time study and the CNL concentration requires 52 credit hours and 432 practicum hours completed in one and a half years of full-time study.

Chamberlain also offers four direct-care nurse practitioner tracks: FNP, Adult-Gerontology Acute Care Nurse Practitioner (“AGACNP”), Adult-Gerontology Primary Care Nurse Practitioner (“AGPCNP”), and Psychiatric-Mental Health Nurse Practitioner (“PMHNP”). The FNP and AGPCNP programs require 45 credit hours and 650 lab and clinical hours and are designed to be completed in two and a half years of part-time study. The AGACNP program requires 48 credit hours and 750 lab and clinical hours, while the PMHNP program requires 47 credit hours and 650 lab and clinical hours, with both concentrations designed to be completed in two and a half years of part-time study. The AGPCNP and AGACNP programs launched in July 2020. The PMHNP program launched in November 2021.

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 program requires 32 to 40 credit hours along with 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 program requires 43 credit hours. The MSW degree 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 three tracks, including Crisis and Response Interventions, Trauma, and Medical Social Work. The program offers both a traditional and advanced standing option. The traditional option requires 60 credit hours while the advanced standing option requires 36 credit hours and is for students who have completed a baccalaureate degree in social work. The MPAS degree program prepares students for the practice of general medicine in collaboration with a licensed physician and healthcare team. The program requires 109 credit hours, including 1,440 of direct patient care and is designed to be completed in two years.

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 Health Education Systems, Inc. ("HESI") 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 at least three times per year, during the January, May, and September sessions and select campuses may offer additional opportunities to start.

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, during the January, March, May, July, September, and November sessions.

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.

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.

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.

Students seeking to enroll in the MPAS program must have a bachelor's degree from an accredited institution recognized by the Council for Higher Education Accreditation ("CHEA") with a minimum grade point average of 3.0, prerequisite science coursework with a grade of C or better, submission of scores from the Graduate Record Examination ("GRE") taken within the last 10 years, recommendation letters, and completion of an on-campus interview. Students must also pass background and fingerprint checks.

Chamberlain enrolls students in its graduate nursing, MPH, and MSW programs six times per year, during the January, March, May, July, September, and November sessions. Chamberlain enrolls students in its graduate MPAS program once a year in the September session.

Walden

For more than 50 years, Walden has provided an engaging learning experience for working professionals. Walden's mission is to provide a diverse community of career professionals with the opportunity to transform themselves as scholar-practitioners so that they can effect positive social change. Walden seeks to empower students to use their new knowledge to think creatively about problem-solving for social good. This mission of education as applied to promoting social good has allowed Walden to attract an extraordinary community of students and faculty members who share a commitment to using knowledge to create real and lasting positive social change.

Founded in 1970 and first accredited by the Higher Learning Commission ("HLC") in 1990, Walden has a strong legacy of providing innovative and alternative degree programs for adult students. Walden has grown to support more than 100 degree and certificate programs—including programs at the bachelor's, master's, education specialist, and doctoral levels—with over 350 specializations and concentrations. As of June 30, 2022, total student enrollment at Walden was 39,470 students. Total enrollment decreased 9.5% compared to June 30, 2021. (Prior year figures are as calculated in the prior year by Walden while controlled by Laureate — these figures are used for comparative purposes only.) A primarily graduate institution, Walden has ranked #1 among 380 accredited institutions for awarding doctorates to African American students and #1 in awarding graduate degrees in multiple disciplines to African American students. Walden has ranked #2 for awarding doctoral degrees in psychology, public health, and social service professions to Hispanic students.

In addition, Walden has rich experience in delivering innovative accelerated programs through distance delivery. Walden also has experience in delivering accelerated course-based programs where students can combine customized and classroom modalities to speed their time to completion (for example, the Accelerated Master of Science in Education) and degree completion programs (for example, the RN-to-BSN). Walden currently offers 17 programs/specializations and 2 certificates in a direct assessment competency-based education format through its Tempo® Learning modality. Through a culture of assessment and continuous improvement, Walden has developed the organization and resources required to deliver a quality academic learning experience to working adults via distance delivery. All Walden academic programs are delivered in an online format.

Walden's colleges and programs are structured within two main divisions as follows:

- Division of Health Care Access and Quality
    - College of Nursing
    - College of Social and Behavioral Health, comprised of the School of Counseling and the Barbara Solomon School of Social Work
    - College of Allied Health
- Division of Social Supports for Healthy Communities
    - College of Management and Human Potential
    - The Richard W. Riley College of Education and Human Sciences
    - College of Psychology and Community Services
    - College of Health Sciences and Public Policy
    - School of Interdisciplinary Undergraduate Studies

Walden believes this organizational structure supports its mission via a focused effort promoting healthy communities and healthy people, as identified through the U.S. Department of Health and Human Services' Office of Disease Prevention and Health Promotion's national effort in this area known as Healthy People 2030, supported by the Social Determinants of Health Framework.

Student Admissions and Admissions Standards

Walden has a long-standing commitment to providing educational opportunities to a diverse group of learners across all degree levels. Walden's programs are enriched by the cultural, economic, and educational backgrounds of its students and instructors. In the admissions process, Walden selects individuals who can benefit from a distributed educational or online learning approach and who will use their Walden education to contribute to their academic or professional communities.

For admissions review to take place, applicants must submit an online application for their intended program of study and an official transcript with a qualifying admitting degree from a U.S. school accredited by a regional, professional/specialized, or national accrediting organization recognized by the Council for Higher Education Accreditation or the U.S. Department of Education ("ED"), or from an appropriately accredited non-U.S. institution. Additional materials or requirements to submit may vary depending on the academic program.

Applicants with degrees and coursework from a non-U.S. institution have their academic record evaluated for comparability to a U.S. degree or coursework by our Global Transcript Evaluation ("GTE") service offered by Walden or any credential evaluation service that is a member of the National Association of Credential Evaluation Services ("NACES").

Applicants may be offered conditional admission to Walden with a stipulation for academic performance at the level of a cumulative grade point average of 3.0 or higher for master's and doctoral students or a cumulative grade point average of 2.0 or higher for undergraduate students, the successful completion of academic progress requirements during the initial term(s) of enrollment, the completion of prerequisites, and/or other stipulations (including receipt of official records).

Bachelor's

All applicants are required to have earned, at a minimum, a recognized high school diploma, high school equivalency certificate, or other state-recognized credential of high school completion. Applicants who have completed their secondary education from a country outside of the U.S. submit an official evaluation report completed by a member of NACES or the GTE service offered by Walden showing comparability to a U.S. high school diploma, along with a copy of their academic credential. If selected for verification, candidates may be asked to provide official documents showing evidence of high school completion or equivalent.

In addition to meeting the above criteria, candidates must meet at least one of the following:

- Be 21 years of age or older,
- Be less than 21 years of age with 12 quarter credit hours of college credit,
- Be active military or a veteran (must provide documentation of service), or
- Be concurrently enrolled in an approved partner institution with an articulation agreement with Walden.

Bachelor of Science in Nursing

All applicants are required to have an associate degree or diploma in nursing and a valid RN license.

Walden Undergraduate Academy

The Academy is a general education program of study for first-time undergraduates who do not have any college credit prior to coming to Walden. Students take their courses as a cohort in a lock-step manner. This does not change the 181-quarterly credit model for undergraduate programs, nor does it impact available concentrations. Instead, the lock-step nature of the general education curriculum provides additional support to students as they build their scholarly acumen.

Master's and Master's Certificate

The Master's program requires a minimum grade point average of 2.5 in bachelor's degree coursework or a 3.0 in master's degree coursework. Specific program requirements may apply.

Master of Science in Nursing

Two tracks are offered to licensed RNs who seek to enter the MSN program. The BSN track is for students with a BSN degree. The RN track is for students with an associate degree in nursing or a diploma in nursing that has prepared them for licensure as a RN. RN-to-MSN applications will not be accepted without a nursing degree or diploma conferred.

Master of Social Work

Walden offers three tracks for the MSW program. The traditional option may be the best fit for students looking to balance studies with work, family, and other responsibilities. The traditional fast track option is for students that want an intensive workload and have sufficient time to dedicate to their studies. The advanced standing option is for students that hold a Bachelor of Social Work ("BSW") degree from a Council on Social Work Education ("CSWE") accredited program and graduated with a minimum grade point average of 3.0. This option allows students to skip foundational courses and start their MSW with advanced-level courses.

MSED Educational Leadership & Administration (Principal Licensure Preparation)

This program requires one year of lead K-12 teaching experience and a valid teaching certification.

Doctoral

The Doctor program requires a minimum grade point average of 3.0 in post-baccalaureate degree coursework. Certain programs require three years of professional/academic experience related to the program for which application is made.

Doctor of Nursing Practice

Walden offers two tracks for DNP. Most of our DNP specializations offer a BSN entry point. The BSN-to- DNP track is ideal for RNs who have earned a BSN degree. The MSN-to-DNP track is ideal for RNs who have earned a MSN degree.

Ph.D. in Nursing

Walden offers three tracks for Ph.D. in Nursing. The bridge option offers students who hold a DNP degree a shorter path to a Ph.D. in Nursing. The BSN-to-Ph.D. track is ideal for applicants that are a RN and have earned their BSN degree. The MSN-to-Ph.D. track is ideal for applicants that are a RN and have earned their MSN degree.

Program Admission Considerations (BSN-to-Ph.D.): To be considered for this doctoral program track, applicants must have a current, active RN license, a BSN or equivalent from an accredited school, and meet the general admission requirements.

Program Admission Considerations (MSN-to-Ph.D.): To be considered for this doctoral program track, applicants must have a current, active RN license, a MSN or higher from an accredited school, and meet the general admission requirements.

Doctor of Social Work

To be considered for this program, applicants must hold a MSW degree from a CSWE accredited program with a minimum grade point average of 3.0 and have at least three years full-time and equivalent practice experience beyond the master’s degree. A resume is required to document experience.

Ph.D. in Social Work

To be considered for this program, applicants must hold a MSW degree from a CSWE accredited program with a minimum grade point average of 3.0.

Ph.D. in Counselor Education and Supervision

To be considered for this program, applicants must hold a master's degree or higher in a counseling/related degree and have 20 transferrable credits out of 39 pre-requisite credits.

PsyD in Behavioral Health Leadership

In addition to the doctoral grade point average requirements, applicants for this program are required to show one year of post-master’s degree related work experience.

EdD Educational Administration & Leadership (for administrators)

Because of its unique structure, the Doctor of Education (“EdD”) with a specialization in Educational Administration and Leadership (for Administrators) has additional admission requirements, including a master’s degree or education specialist degree and a minimum of 25 quarter credits or 15 semester credits from a university principal preparation program. These may have been acquired through a master’s, specialist, or certification program at a university. A valid principal license, or eligibility for a principal license based on a university principal preparation program, is also required. If not certified, applicants should provide a university document that states eligibility for certification based on the program. Additionally, applicants must have had three years of administrative experience and must provide an acknowledgement form verifying they have access to and the ability to collect data from a K–12 school setting.

Ph.D. in Public Health

Walden offers two tracks for applicants. Applicants are eligible for track 1 if they have a MPH or a MS in Public Health. Applicants are eligible for track 2 if they have a bachelor's degree or higher in an academic discipline other than the public health field.

Post-Master's Certificate

A minimum grade point average of 3.0 in post-bachelor's degree coursework and three years of professional/academic experience related to the program for which application is made.

Medical and Veterinary

Together, the three schools, along with the Medical Education Readiness Program ("MERP") and the Veterinary Preparation Program, had 5,304 students enrolled in the May 2022 semester, a 3.5% increase compared to the same term last year.

AUC

AUC, founded in 1978 and acquired by Adtalem in 2011, provides medical education and confers the Doctor of Medicine degree. AUC is located in St. Maarten and is one of the most established international medical schools in the Caribbean, producing over 7,500 graduates from over 78 countries. 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.

RUSM

RUSM, founded in 1978 and acquired by Adtalem in 2003, provides medical education and confers the Doctor of Medicine degree. RUSM has graduated more than 15,000 physicians since inception. The mission of RUSM is to prepare highly dedicated students to become effective and 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 Barbados.

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 begin their basic science instruction at the most convenient time for them.

Initially, AUC and RUSM students complete a program of concentrated study of medical sciences after which they 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. Under AUC and RUSM direction, students then complete the remainder of their program by participating in clinical rotations conducted at over 40 affiliated teaching hospitals or medical centers connected with accredited medical education programs in the U.S., Canada, and the U.K. Towards the end of the clinical training and prior to graduation, AUC and RUSM students take USMLE, Step 2 CK (Clinical Knowledge), which assesses ability to apply medical knowledge, skills, and understanding of clinical science essential for the provision of patient care under supervision and includes emphasis on health promotion and disease prevention. Successfully passing USMLE Step 2 Clinical Skills previously was a requirement for graduation and for certification by the Educational Commission for Foreign Medical Graduates ("ECFMG") to enter the U.S. residency match. Due to COVID-19 restrictions, USMLE Step 2 Clinical Skills has been discontinued. ECFMG has developed alternative pathways to replace this requirement, for which AUC and RUSM are generally eligible. In addition, flexibility to use some online clinical training has been allowed by accreditors and other U.S. regulatory bodies. These alternatives are critical to keeping many students on track to graduate and enter the 2023 residency match.

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.

AUC students achieved a 93% and 84% first-time pass rate on the USMLE Step 1 exam in 2020 and 2021, respectively. Of first-time eligible AUC graduates, 92% and 96% attained residency positions in 2021 and 2022, respectively.

RUSM students achieved a 91% and 83% first-time pass rate on the USMLE Step 1 exam in 2020 and 2021, respectively. Of first-time eligible RUSM graduates, 92% and 95% attained residency positions in 2021 and 2022, respectively.

In September 2019, AUC opened its medical education program in the U.K. in partnership with University of Central Lancashire ("UCLAN"). The program offers students a Post Graduate Diploma in International Medical Sciences from UCLAN, followed by their Doctor of Medicine degree from AUC. Students are eligible to do clinical rotations at AUC's clinical sites, which include hospitals in the U.S., the U.K., and Canada. This program is aimed at preparing students for USMLEs.

MERP is a 15-week medical school preparatory program focused on enhancing the academic foundation of prospective AUC and RUSM students and providing them with the skills they need to be successful in medical school and to achieve their goals of becoming physicians. Upon successful completion of the MERP program, students are guaranteed admission to AUC or RUSM. Data has shown that the performance of students who complete the MERP program is consistent with students who were admitted directly into medical school.

RUSVM

RUSVM, founded in 1982 and acquired by Adtalem in 2003, provides veterinary education and confers the Doctor of Veterinary Medicine, as well as Masters of Science and Ph.D. degrees. RUSVM is one of 54 American Veterinary Medical Association ("AVMA") accredited veterinary education institutions in the world. RUSVM is located in St. Kitts and has graduated nearly 6,000 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 and to advance 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 in St. Kitts. After completing their pre-clinical curriculum, RUSVM students enter a clinical clerkship under RUSVM direction lasting approximately 45 weeks at one of 31 clinical affiliates located in the U.S., Canada, Australia, Ireland, New Zealand, and the U.K.

RUSVM offers a one-semester Veterinary Preparatory Program ("Vet Prep") designed to enhance the pre-clinical science knowledge and study skills that are critical to success in veterinary school. The Vet Prep advancement rate for 2019-2020 was 87%, which represents the percent of Vet Prep students in 2019-2020 who started at RUSVM within one year.

In 2020 and 2021, instruction for both the RUSVM and Vet Prep programs was partially offered online in response to COVID-19 travel restrictions. All students have returned to full-time instruction in St. Kitts.

Student Admissions and Admissions Standards

AUC, RUSM, and RUSVM employ regional admissions representatives in locations throughout the U.S. and Canada who provide information to students interested in their respective programs. A successful applicant must have completed the required prerequisite courses and, for AUC and RUSM, taken the Medical College Admission Test ("MCAT"), while RUSVM applicants must have completed the Graduate Record Exam ("GRE"). 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. AUC allows several entrance examinations for its international students. The MCAT (and other entrance exams) requirement is currently waived due to lack of availability of testing caused by COVID-19 closures. ED, which usually mandates that the schools require MCAT for U.S. citizens, has currently waived this requirement. Both AUC's and RUSM's admission committees began evaluating students without an MCAT for the September 2020 class and continue to do so. RUSVM waived GRE requirements for classes starting in January 2021 and May 2021 because of limited testing availability due to COVID-19.

Discontinued Operations

In accordance with GAAP, the ACAMS, Becker, OCL, and EduPristine entities, which were divested during fiscal year 2022 and Adtalem Brazil, which was divested during fiscal year 2020, 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 these entities operations, unless otherwise noted. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations.

ACAMS/Becker/OCL

On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group ("Purchaser"), pursuant to the Equity Purchase Agreement ("Purchase Agreement") dated January 24, 2022. Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, Adtalem sold the issued and outstanding shares of ACAMS, Becker, and OCL to the Purchaser for $962.7 million, net of cash of $21.5 million, subject to certain post-closing adjustments. This sale is the culmination of a long-term strategy to sharpen the focus of our portfolio and enhance our ability to address the rapidly growing and unmet demand for healthcare professionals in the U.S.

Adtalem Brazil

On April 24, 2020, Adtalem completed the sale of Adtalem Brazil to Estácio Participações S.A. ("Estácio") and Sociedade de Ensino Superior Estacio de Sá Ltda, a wholly owned subsidiary of Estácio ("Purchaser"), pursuant to the Stock Purchase Agreement dated October 18, 2019. Adtalem received $345.9 million in sale proceeds and $56.0 million of Adtalem Brazil's cash, for a combined $401.9 million upon the sale. In addition, Adtalem received $110.7 million from the settlement of a deal-contingent foreign currency hedge arrangement entered into in connection with the sale of Adtalem Brazil to economically hedge the Brazilian Real denominated purchase price through mitigation of the currency exchange rate risk.

DeVry University

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. Adtalem received $2.9 million during fiscal year 2022 related to the earnout.

EduPristine

On June 17, 2022, Adtalem completed the sale of EduPristine for de minimis consideration.

Overview of the Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. COVID-19 has had tragic consequences across the globe and altered business and consumer activity across many industries. Management initiated several changes to the operations of our institutions and administrative functions in order to protect the health of our students and employees and to mitigate the financial effects of COVID-19 and its resultant economic slowdown. We will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of our students and employees. See also the COVID-19 section in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information, including the effects of COVID-19 on our operations.

- Chamberlain: Approximately 30% of Chamberlain's students are based at campus locations and pursuing their BSN degree; at the onset of the COVID-19 outbreak, all campus-based students transitioned to online learning for didactic and select clinical experiences. The remaining 70% of Chamberlain's students are enrolled in online programs that may or may not have clinical components and those programs continued to successfully operate. Students and employees have returned to all Chamberlain campuses for onsite instruction. Management believes that COVID-19 disruptions in the healthcare industry may have driven the enrollment decisions of potential students in the fiscal year 2022 sessions; however, the resulting revenue losses specific to COVID-19 are not quantifiable. COVID-19 did not result in significantly increased costs at Chamberlain in fiscal year 2022 and 2021. The extent of the impact in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19, the efficacy and distribution of the vaccines, and whether any pandemic surge affects healthcare facilities' ability to continue to provide clinical experiences. Chamberlain has clinical partnerships with healthcare facilities across the U.S., minimizing the risk of suspension of all onsite clinical education experiences.

- Walden: All of Walden's students are enrolled in online programs and these programs have continued to successfully operate throughout the COVID-19 pandemic. Management believes that COVID-19 disruptions in the healthcare industry may have driven the enrollment decisions of potential students in fiscal year 2022; however, the resulting revenue losses specific to COVID-19 are not quantifiable. COVID-19 did not result in increased costs at Walden in fiscal year 2022. The extent of the impact in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19 and the efficacy and distribution of the vaccines.

- AUC and RUSM: Medical students enrolled in the basic science portion of their program transitioned to online learning at the onset of the COVID-19 outbreak. Many students left St. Maarten and Barbados to continue their studies remotely from other locations. AUC and RUSM were able to provide remote learning and have students remain eligible for U.S. federal financial aid assistance under a waiver provided by the U.S. Secretary of Education that was included in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law in March 2020. The waiver was dependent upon the host country's coronavirus state of emergency declaration. The nation of St. Maarten lifted their declaration in June 2020, and as a result, AUC's ability to offer distance education ended after the September 2020 semester, requiring all AUC students to return to St. Maarten for basic science instruction effective January 2021. A limited number of RUSM students began returning to Barbados in January and May 2021 with a full return occurring for the September 2021 semester. The Consolidated Appropriations Act, 2021 (the "Appropriations Act") was signed into law in December 2020, and corrected technical errors in the CARES Act, which clarified the authority to operate via distance learning due to a declaration of an emergency in an applicable country or a qualifying emergency in the U.S. This section also extended these flexibilities through the end of the qualifying emergency or June 30, 2022, whichever was later. The Appropriations Act provided Adtalem's foreign institutions the ability to continue distance education without disruption to their students' Title IV federal financial aid. Management believes uncertainties caused by COVID-19 may have driven the enrollment decisions of potential and current students; however, COVID-19 did not result in significant or quantifiable revenue losses or increased costs within the basic science programs at the medical schools in fiscal year 2022 and 2021, except with respect to housing operations in fiscal year 2021, as discussed below. COVID-19 will likely continue to have a minimal impact on basic science program revenue in fiscal year 2023, unless significant numbers of students choose to not continue or start their studies during this time of uncertainty. The extent of the impact in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19, the efficacy and distribution of the vaccines, and whether any pandemic surge affects healthcare facilities' ability to continue to provide clinical experiences. Students who have completed their basic science education progress to clinical rotations in the U.S. and the U.K. Clinical rotations for all students were temporarily suspended in March 2020; however, some students were able to participate in online clinical elective courses during this transition period and beyond. The COVID-19 surge experienced during the winter in fiscal year 2021 across the U.S. caused many partner hospitals to again reduce the hours available for clinical experiences. As a result, although many students were able to resume their clinical education during the second quarter of fiscal year 2021, management estimates that not being able to offer a full clinical program reduced combined revenue of AUC and RUSM by approximately $21 million and operating income losses by approximately $14 million in fiscal year 2021. As of June 2021, all clinical partners of AUC and RUSM resumed their clinical programs. As a result, COVID-19 did not result in any lost clinical revenue in fiscal year 2022. Should future surges in COVID-19 again restrict the number of clinical hours available to our students, we could experience negative effects on revenue and operating income in fiscal year 2023 and beyond. Adtalem has clinical partnerships with hospitals across the U.S. and the U.K., minimizing the risk of suspension of all onsite clinical education experiences. In addition to the loss of clinical revenue and operating income at AUC and RUSM, management estimates losses of housing and student transportation revenue of approximately $13 million and operating income of approximately $10 million in fiscal year 2021 due to students not returning to the St. Maarten and Barbados campuses. All students were allowed back on the two campuses in the first quarter of fiscal year 2022, and therefore, COVID-19 did not result in significant lost housing and student transportation revenue in fiscal year 2022.

- RUSVM: All basic science veterinary students transitioned to online learning beginning in March 2020. Many students left St. Kitts in March 2020 to continue their studies remotely from other locations. As of May 2021, all basic science students returned to St. Kitts where lectures continue to be delivered both in-person and remotely and with labs delivered in-person. COVID-19 did not result in significant revenue losses or increased costs within the basic science program in fiscal year 2022 and 2021. We do not expect a significant impact from COVID-19 on the basic science program in fiscal year 2023, unless students choose to not continue or start their studies during this time of uncertainty. RUSVM continued to provide remote learning during the pandemic and students remained eligible for U.S. federal financial aid assistance under a waiver provided by the CARES Act and the Appropriations Act. The Appropriations Act extended through the end of the qualifying emergency or June 30, 2022, whichever was later, as described above. Students who have completed their basic science education progress to clinical rotations at select universities in the U.S., Canada, Australia, Ireland, New Zealand, and the U.K. A few universities initially suspended onsite clinical experiences and transitioned students to online education. All universities have since resumed onsite clinical courses. The initial suspensions did not significantly reduce revenue or operating income in fiscal year 2022 and 2021. While we do not expect a significant impact from COVID-19 at RUSVM, the extent of the impact on clinical experiences in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19, the efficacy and distribution of the vaccines, and whether any pandemic surge affects healthcare facilities' ability to continue to provide clinical experiences.

- Administrative Operations: Remote and hybrid work arrangements continue in both the U.S. and at foreign locations and employees have begun to return to offices. The remote work arrangements have not adversely affected Adtalem's ability to maintain operations, financial reporting systems, internal control over financial reporting, or disclosure controls and procedures. The effectiveness of our remote technology enables our ability to maintain these systems and controls. Management does not anticipate Adtalem will be materially impacted by any constraints or other impacts on our human capital resources and productivity. Travel restrictions and border closures are not expected to have a material impact on our ability to operate and achieve operational goals. While recent travel expenditures have been lower than historical levels, we would expect these costs to increase as the effects of COVID-19 continue to dissipate. No significant home office costs related to COVID-19 were incurred in fiscal year 2022 and 2021, and no such costs are anticipated in fiscal year 2023 and beyond.

Market Trends and Competition

Chamberlain

Chamberlain competes in the U.S. nursing education market, which has more than 2,000 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.

In the pre-licensure nursing market, capacity limitations and restricted new student enrollment are common among traditional four-year educational institutions and community colleges. Chamberlain has 23 campuses located in 15 states. In Fall 2021, according to data obtained from the American Association of Colleges of Nursing ("AACN"), Chamberlain had the largest pre-licensure program in the U.S.

In post-licensure nursing education, there are more than 700 institutions offering RN-to-BSN programs and more than 600 institutions offering MSN programs. Chamberlain's RN-to-BSN degree completion option has received three certifications from Quality Matters, an independent global organization leading quality assurance in online teaching and learning environments. Chamberlain has earned the Online Learning Support, Online Teaching Support, and Online Learner Success certifications. Chamberlain's RN-to-BSN degree completion option, MSN degree program, and DNP degree program are approved in 50 states, the District of Columbia, and the U.S. Virgin Islands. The MSN FNP track is approved in 46 states and the U.S. Virgin Islands, while the AGACP and AGPCP tracks are approved in 42 states and the U.S. Virgin Islands. The MPH program is approved in 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The MSW program is approved in 37 states and Puerto Rico.

In Fall 2021, according to AACN data, Chamberlain had the largest FNP and DNP programs in the U.S.

Walden

The market for fully online higher education, in which Walden competes, remains a highly competitive and growing space. As a comprehensive university offering degrees at the bachelor's, master's and doctoral level, in addition to certificates and a school of lifelong learning, the competition varies depending on the degree level and the discipline. While Walden's target market of working professionals 25 years and older was once underserved, it now has a variety of options to meet the growing need for higher education.

Walden has degree programs in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. Walden competes both with other comprehensive universities and also more narrowly focused schools, which may only offer a few degree programs. Given the growing and ever-changing market, Walden competes with a wide variety of higher education institutions as well as other education providers.

Walden competes with traditional public and private non-profit institutions and for-profit schools. As more campus-based institutions offer online programs, the competition for online higher education has been growing. Typically, public universities charge lower tuitions compared with Walden due to state subsidies, government grants, and access to other financial resources. On the other hand, tuition at private non-profit institutions is higher than the average tuition rates at Walden. Walden competes with other educational institutions principally based on price, quality of education, reputation, learning modality, educational programs, and student services.

Walden has over 50 years of experience offering high quality distance education with a mission to provide access to higher education for working professionals. Walden remains a leader in many areas and is one of the leading doctoral degree conferrers in nursing, public health, public policy, business/management, education, and psychology and one of the leading conferrers of master's degrees in nursing, psychology, social work, human services, education, and counseling.

Medical and Veterinary

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 ED Title IV programs. RUSVM competes with AVMA accredited schools, of which 33 are U.S.-based, 5 are Canadian and 16 are other international veterinary schools.

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 and veterinarians. Despite this expansion, management believes the imbalance will continue to spur demand for medical and veterinary education.

Accreditation and Other Regulatory Approvals

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 accreditation status of an institution when evaluating a candidate's credentials; parents and high school counselors look to accreditation for assurance that an institution meets quality educational standards; and many professions require candidates to graduate from an accredited program in order to obtain professional licensure in their respective fields. 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.

Chamberlain

Chamberlain is institutionally accredited by the HLC, an institutional accreditation agency recognized by ED. In addition to institutional accreditation, Chamberlain has also obtained programmatic accreditation for specific programs. BSN, MSN, DNP, and post-graduate Advanced Practice Registered Nurses ("APRN") certificate programs are accredited by the Commission on Collegiate Nursing Education ("CCNE"). Chamberlain's MPH program is accredited by the Council on Education for Public Health. Chamberlain's MSW program is accredited by the Council on Social Work Education's Commission on Accreditation. The Accreditation Review Commission on Education for the Physician Assistant ("ARC-PA") has granted Accreditation-Provisional status to the Master of Physician Assistant Studies program. Accreditation-Provisional is an accreditation status granted when the plans and resource allocation, if fully implemented as planned, of a proposed program that has not yet enrolled students appear to demonstrate the program's ability to meet the ARC-PA Standards or when a program holding Accreditation-Provisional status appears to demonstrate continued progress in complying with the Standards as it prepares for the graduation of the first class (cohort) of students. Accreditation-Provisional does not ensure any subsequent accreditation status. It is limited to no more than five years from matriculation of the first class. Additionally, Chamberlain is an accredited provider of nursing continuing professional development credits by the American Nursing Credentialing Center.

Walden

Walden is institutionally accredited by the HLC, an institutional accreditation agency recognized by ED. In addition to its institutional accreditation, a number of Walden's programs have obtained programmatic accreditation. The BS in Information Technology program is accredited by the Accreditation Board for Engineering and Technology. A number of business programs (BS in Business Administration, Master of Business Administration, MS in Finance, Doctor of Business Administration, and Ph.D. in Management) are accredited by the Accreditation Council for Business Schools and Programs ("ACBSP"). The BS and MS in Accounting programs are accredited by ACBSP's Separate Accounting Accreditation. The BSN, MSN, Post-Master's APRN certificates, and DNP programs are accredited by CCNE. The MS in Addiction Counseling, MS in School Counseling, MS in Clinical Mental Health Counseling, MS in Marriage, Couple, and Family Counseling, and Ph.D. in Counselor Education and Supervision programs are accredited by the Council for Accreditation of Counseling and Related Education Programs. Walden's initial teacher preparation programs, BS in Elementary Education and Master of Arts in Teaching with a specialization in Special Education, and advanced educator preparation programs, education specialist in Educational Leadership and Administration and MS in Education with a specialization in Educational Leadership and Administration, in the Richard W. Riley College of Education and Human Sciences are accredited by the Council for the Accreditation of Educator Preparation. The MPH and Doctor of Public Health programs are accredited by the Council on Education for Public Health. The Bachelor of Social Work and MSW programs are accredited by the Council on Social Work Education. The MS in Project Management program is accredited by the Project Management Institute Global Accreditation Center for Project Management Education Programs. Additionally, Walden is an accredited provider of continuing education credits by the American Nursing Credentialling Center.

Medical and Veterinary

The Government of St. Maarten authorizes AUC to confer the Doctor of Medicine 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 authorized to place students in clinical rotations in the majority of U.S. 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. AUC has also been deemed acceptable by the Graduate Medical Council ("GMC"), the accrediting body in the U.K., which allows AUC graduates to apply for post-graduate (residency) programs in the U.K.

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 Doctor of Medicine 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 authorized to place students in clinical rotations in the majority of U.S. 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 by the government of the Federation of St. Christopher and Nevis ("St. Kitts") and is chartered to confer the Doctor of Veterinary Medicine degree. The Doctor of Veterinary Medicine degree is accredited by the American Veterinary Medical Association Council on Education ("AVMA COE"). RUSVM has affiliations with 31 AVMA-accredited U.S. and international colleges of veterinary medicine so that RUSVM students can complete their final three clinical 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.

Regulatory Environment

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, scholarships, and student and family financial resources. Adtalem continues to provide financing options for its students, including Adtalem's credit extension programs.

The following table, which excludes ACAMS, Adtalem Brazil, Becker, EduPristine, and OCL revenue, summarizes Adtalem's revenue by fund source as a percentage of total revenue for fiscal years 2021 and 2020. Final data for fiscal year 2022 is not yet available.

	Fiscal Year	
	2021	2020
Federal assistance (Title IV) program funding (grants and loans)	72 %	71 %
State grants	1 %	1 %
Private loans	2 %	2 %
Student accounts, cash payments, private scholarships, employer and military provided tuition assistance, and other	25 %	26 %
Total	100 %	100 %

Financial Aid

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. In the 117th Congress, a comprehensive HEA reauthorization bill has not been introduced. However, standalone bills impacting Title IV federal financial aid programs have been introduced in both chambers of Congress. Some of these bills could be included in a larger legislative package, which could include the HEA. When the 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, Walden, 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 and Walden 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 2021-2022 school year, eligible students could receive Federal Pell Grants ranging from $650 to $6,495.

    - *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, Walden, AUC, RUSM, and RUSVM students may participate in the Direct Unsubsidized and PLUS programs within the Federal Direct Student Loan Program. Chamberlain and Walden 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). Loan limits per academic year range from $3,500 for students in their first academic year, $4,500 for their second 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. Direct Unsubsidized Loan limits vary based on dependency status and level of study, with $2,000 for undergraduate dependent students per academic year. Independent undergraduate students may borrow $6,000 in their first and second academic years, increasing to $7,000 in later undergraduate years. Direct Unsubsidized Loan limits then increase to $20,500 per academic year for graduate and professional program students. Additionally, a student without financial need may borrow an additional Direct Unsubsidized Loan amount up to the limit of the Direct Subsidized Loan at their respective academic grade level. The total Direct Subsidized and/or Direct Unsubsidized Loan aggregate borrowing limit for undergraduate students is $57,500 and $138,500 for graduate students, which is inclusive of Direct Subsidized and Direct Unsubsidized Loan amounts borrowed as an undergraduate.

    - *Direct Grad PLUS and Direct Parent 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. These loans incur interest from the time funds are disbursed, but actual principal and interest payments 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 Direct Grad PLUS and Direct Parent PLUS Loans 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.* Chamberlain participates in this program, which 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, 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. Canadian students attending Walden or 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, Walden, AUC, RUSM, and RUSVM students rely on private (non-federal) loan programs borrowed from private lenders for financial assistance. These programs are used to finance the gap between a student's cost of attendance and their financial aid awards. The amount of the typical loan varies significantly according to the student's enrollment and unmet need.

Most private loans are approved on the basis of the student's and/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 federal financial aid process. Student finance personnel at Adtalem's degree-granting institutions coordinate these processes so that students receive assistance from the federal and state programs before utilizing private loans.

With the exception of Chamberlain, Adtalem's institutions do not maintain preferred lender lists. However, all students are entirely free to utilize a lender of their choice.

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 tax credits, and tax deductions for interest on student loans.

Adtalem-Provided Financial Assistance

Each of our institutions offers a variety of scholarships to assist with tuition and fee expenses, some of which are one-time awards while others are renewable. Some students may also qualify for more than one scholarship at a time.

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

Eligible Walden students may receive an institutional grant valued up to $750 per term. Walden offers a number of different scholarships discounts and other tuition assistance. These vary by program and by term but usually consist of any of the following: $500-$1,000 grants per term over three to ten terms; scholarships specific to the company they work for; if they are an alumnus of Walden; or if they are in the military.

Students at AUC may be eligible for an institutional scholarship, ranging from $5,000 to $80,000 to cover expenses incurred from tuition and fees. Students at RUSM may be eligible for various institutional scholarships, ranging from $5,000 to $108,000, to cover expenses incurred from housing, tuition and fees. Students at RUSVM may be eligible for an institutional scholarship, ranging from $2,000 to $27,123 to cover expenses incurred from tuition and fees.

Adtalem's credit extension programs are available to students at Chamberlain, AUC, RUSM, and RUSVM. These credit extension 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 allow students to finance their living expenses. Repayment plans for financing agreements 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 once a student withdraws or graduates from a program. Most 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, which reduces the possibility of over borrowing. Payments may increase upon completing or departing school. After a student leaves school, the student typically will have a monthly installment repayment plan.

The finance agreements 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 financing agreements and counseled to utilize all other available private and federal funding options before securing financing through the institution.

Adtalem financing agreements are carried on our balance sheet, net of related reserves, and there are no relationships with external parties that reduce Adtalem's risk of collections.

<u>Employer-Provided Tuition Assistance</u>

Chamberlain and Walden 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.

Walden students eligible for tuition reimbursement must make payment arrangements with Walden and then be reimbursed by their employer. When the employer pays on behalf of the employee, Walden will bill the employer and payment terms are due 20 days from the receipt of the billing statement.

Legislative and Regulatory Requirements

Government-funded financial assistance programs are governed by extensive and complex regulations in the U.S. 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.

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: (1) the federal government through ED, (2) the accrediting agencies recognized by ED, and (3) 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 increased focus 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 participating institutions ("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 of Adtalem's other Title IV 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."

We have summarized the most significant current 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 20 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data," (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 "Regulatory Environment."

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. Institutions that do not meet financial responsibility requirements are typically required to 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). 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. ED has initiated rulemaking proceedings to amend the certification procedures. The earliest we believe any new rules will be effective is July 1, 2024.

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 Direct Loan made under the Federal Direct Loan Program. On July 1, 2020, new Defense to Repayment regulations went into effect that include 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. The new regulations are effective with claims on loans disbursed on or after July 1, 2020. ED has initiated rulemaking proceedings to amend the Defense to Repayment regulations. The earliest any new rules will be effective is July 1, 2023.

The "90/10 Rule"

An ED regulation known as the "90/10 Rule" affects only proprietary postsecondary institutions, such as Chamberlain, Walden, 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 American Rescue Plan Act of 2021 (the "Rescue Act") enacted on March 11, 2021 amended the 90/10 rule to require that a proprietary institution derive no more than 90% of its revenue from federal education assistance funds, including but not limited to previously excluded U.S. Department of Veterans Affairs and military tuition assistance benefits. This change was subject to negotiated rulemaking, which ended in March

2022. The amended rule will first apply to institutional fiscal years beginning on or after January 1, 2023. The following table details the percentage of revenue on a cash basis from federal financial assistance programs as calculated under current regulations (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 2021 and 2020. Final data for fiscal year 2022 is not yet available.

	Fiscal Year	
	2021	**2020**
Chamberlain University	66 %	62 %
American University of the Caribbean School of Medicine	80 %	81 %
Ross University School of Medicine	85 %	85 %
Ross University School of Veterinary Medicine	82 %	84 %

Fiscal year data for Walden is not available as they previously reported on a calendar year basis. As reported by Laureate Education, Inc. in their February 2021 Annual Report on Form 10-K, Walden derived approximately 76% of its revenues (calculated on a cash basis) from Title IV program funds for the year ended December 31, 2020.

In September 2016, Adtalem committed to voluntarily limit to 85% the amount of revenue that each of its 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 reports that have been made publicly available, Adtalem's institutions that were owned at each reporting date have met this lower threshold for each fiscal year since the commitment was made. 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 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 institutions 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, an institution 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 institution 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. Changes to the manner in which the composite score is calculated that were effective on July 1, 2020 has negatively affected Adtalem's composite score for fiscal year 2022 and will continue to negatively affect future Adtalem scores. At this time, management does not believe these changes by themselves will result in the score falling below 1.5. However, as a result of the acquisition of Walden and the related transactions, Adtalem expects its consolidated composite score to fall below 1.5 for its fiscal year 2022 financial responsibility test. If Adtalem becomes unable to meet requisite financial responsibility standards within the regulations, management believes it will be able to otherwise demonstrate its ability to continue to provide educational services; however, our institutions will be required to request additional state regulatory approvals, heightened cash monitoring, and/or be required to post a letter of credit to continue to participate in federal and state financial assistance programs.

ED has initiated rulemaking proceedings to amend the financial responsibility regulations. The earliest we believe any new rules will be effective is July 1, 2024.

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. ED has initiated rulemaking proceedings to amend the administrative capability regulations. The earliest we believe any new rules will be effective is July 1, 2024.

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 and is an institutional participant in the National Council for State Authorization Reciprocity Agreements ("NC-SARA") initiative. Walden does not participate in NC-SARA, and therefore maintains licenses or exemptions in those states that require it to do so to enroll students in distance education programs where they are currently offered.

On December 19, 2016, ED published new rules concerning requirements for institutional eligibility to participate in Title IV programs. These regulations, which would have become effective beginning July 1, 2018, but were delayed until July 1, 2020, were subsequently renegotiated as part of the 2018-2019 Accreditation and Innovation rule-making sessions. The renegotiated rule went into effect on July 1, 2020 and requires 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. Lastly, the regulations require that an institution provide certain disclosures to enrolled and prospective students regarding its programs that lead to professional licensure. ED has initiated rulemaking proceedings and may amend the rules to require that a program meet state licensure requirements in lieu of the aforementioned disclosures. The earliest we believe any new rules will be effective is July 1, 2024.

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 compared to 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 are also ineligible for Federal 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 was 7.3% for the fiscal year 2018 cohort (the latest available) and 9.7% for the fiscal year 2017 cohort.

Default rates for Chamberlain, Walden, AUC, RUSM, and RUSVM students are as follows:

	Cohort Default Rate	
	2018	**2017**
Chamberlain University	2.6 %	3.4 %
Walden University	4.7 %	6.8 %
American University of the Caribbean School of Medicine	0.7 %	1.4 %
Ross University School of Medicine	0.9 %	1.3 %
Ross University School of Veterinary Medicine	0.4 %	0.9 %

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 our Title IV Institutions. 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 our Title IV Institutions 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, 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.

In addition, some states in which our Title IV Institutions 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.

Refer to the risk factor titled "*If regulators do not approve, or delay their approval, of transactions involving a material change of ownership or change of control of Adtalem, 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."

ED has initiated rulemaking proceedings to amend the changes of ownership regulations. The earliest any new rules will be effective is July 1, 2023.

Gainful Employment

Current law states that proprietary institutions and non-degree programs at private non-profit and public institutions must prepare students for gainful employment in a recognized occupation. ED has begun the process to define and implement this existing law through what is referred to as the Gainful Employment ("GE") rules. A prior version of this rule was rescinded on July 1, 2019. We anticipate ED will use debt-to-earnings ratios and earnings thresholds in determining whether graduates were gainfully employed. Repeated failure of a program to meet these measures may result in the program losing Title IV eligibility.

Negotiated rulemaking took place from January 2022 to March 2022. We anticipate the proposed rules will be published in April 2023, resulting in an effective date of July 1, 2024.

State Approvals and Licensing

Adtalem institutions require authorizations from many state higher education authorities to recruit students, operate schools, 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 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 its institutions are 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 require private-sector postsecondary education institutions to post surety bonds for licensure. In the U.S., Adtalem has posted approximately $27.9 million of surety bonds with regulatory authorities on behalf of Chamberlain, Walden, AUC, RUSM, and RUSVM.

Certain states have set standards of financial responsibility that differ from those prescribed by federal regulation. Adtalem believes its institutions are in 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

The seasonal pattern of Adtalem's enrollments and its educational programs' starting dates affect the timing of cash flows with higher cash inflows at the beginning of academic sessions.

Human Capital

As of June 30, 2022, Adtalem had the following number of employees:

	Faculty and Staff	Temporary and Student Employees	Total
Chamberlain	1,293	179	1,472
Walden	1,270	162	1,432
Medical and Veterinary	795	23	818
Home Office	955	5	960
Total	4,313	369	4,682

Adtalem also utilizes approximately 5,300 independent contractors who teach as adjunct faculty and instructors. These independent contractors are not included in the above table. Our management believes that Adtalem has good relations with its employees.

We continue to regularly gather feedback from our employees through our Engagement Survey to gain insight into how our employees perceive their work environment. The Engagement Survey includes 18 dimensions comprised of 55 questions.

Two of the key dimensions are Engagement and Enablement. Engagement is the "want to" of work, or more specifically, whether employees are committed to the organization and if they are willing to put in extra effort for the good of the organization. Enablement is the "can do" of work, meaning employee skills and abilities are fully utilized in their roles and whether the organizational environment supports them in getting their work done. We partner with Korn Ferry for high performing organization and global industry norm benchmark data (the "Korn Ferry Global Industry Benchmarks").

For the upcoming survey, we will include questions around the overall health and well-being of our employees and our support in that area. Regarding key dimensions in the survey (Engagement, Enablement, Collaboration, and Diversity, Equity, and Inclusion) Adtalem consistently aligns with or outpaces our competitors in ratings. Selected results from our Summer 2022 Engagement Survey including the Korn Ferry Global Industry Benchmarks are as follows:

Topic	Favorability (top 2 ratings)	Global Industry
Engagement		
Summer 2022 Engagement Survey favorability in the dimension of Engagement	64 %	66 %
Enablement		
Summer 2022 Engagement Survey favorability in the dimension of Enablement	68 %	68 %
Collaboration		
Summer 2022 Engagement Survey favorability in the dimension of Collaboration	70 %	62 %
Diversity, Equity, and Inclusion		
Summer 2022 Engagement Survey favorability in the dimension of Diversity, Equity, and Inclusion	83 %	71 %

Collaboration during the pandemic remained strong as teams adapted to the new remote work environment. The engagement survey dimension of collaboration was 8% higher than the global industry benchmark. We remain productive and supportive to our students, employer partners and, most importantly, each other. We have moved to a hybrid work environment allowing flexibility to our employees in work location and brought together senior directors and above in certain locations to the office two days a week. We believe this return will further encourage team building and collaboration across departments.

Diversity, Equity, and Inclusion ("DEI") continue to be core tenets of our culture at Adtalem. Not only do we focus on ensuring a diverse workforce through our Talent First agenda, but our leadership team also participates in initiatives that further the advancement of historically under-represented groups in society. DEI was 12% higher than the global industry benchmark. We continuously measure representation amongst our employee population. Adtalem was named one of America's Best Employers for Diversity by Forbes in 2022 for the second year in a row.

As of June 30, 2022, our employee diversity was as follows:

Level	Female	People of Color (U.S. Only)
All Levels	75 %	36 %
Management	71 %	31 %
Director	68 %	23 %
Executive	42 %	21 %

Adtalem offers a comprehensive benefits package including wellness programs for eligible employees. The wellness strategy entitled Live Well takes a wholistic approach to wellbeing through four pillars: Physical, Social, Financial and Emotional. Our health benefits remain competitive with generous paid time off, retirement plan, domestic partner benefits, adoption assistance, paid parent leave for both mothers and fathers, among others. We recently launched enhancements to our Employee Assistance Program and our mental health and wellbeing application, entitled Ginger. We track participation in our retirement plans and the Ginger application as noted below:

Wellness Pillar	Segment: U.S. Regular Employees	Participation
Financial	Retirement Planning (auto enrollment feature for new hire)	92 %
Emotional*	Mental Health Wellbeing - Ginger Utilization	8 %

*EAP standard utilization is 3-5%

Finally, Adtalem launched additional opportunities for employees to pursue their educational goals through our Education Assistance program. This program offers both tuition discounts and tuition reimbursement at multiple nationally and regionally accredited higher education institutions. We will continue to offer resources to maintain an engaged, healthy, motivated workforce focused on meeting business goals.

The favorability on the newly added question on health and well-being programs was 15% higher than the global industry benchmark from our Summer 2022 Engagement Survey:

Question	Favorability (top 2 ratings)	Global Industry
My organization encourages colleagues to take part in health and well-being programs available at work		
Summer 2022 Engagement Survey favorability	79 %	64 %

Intellectual Property

Adtalem owns and uses numerous trademarks and service marks, such as “Adtalem,” “American University of the Caribbean,” “Chamberlain College of Nursing,” “Ross University,” “Walden 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.

Available Information

We use our website (www.adtalem.com) as a routine channel of distribution of company information, including press releases, presentations, and supplemental information, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website in addition to following press releases, SEC filings, and public conference calls, and webcasts. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts. You may also access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as well as other reports relating to us that are filed with or furnished to the Securities and Exchange Commission (“SEC”), free of charge in the investor relations section of our website as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. The content of the websites mentioned above is not incorporated into and should not be considered a part of this report.

Item 1A. Risk Factors

Summary of Risk Factors

The summary of risks below provides an overview of the principal risks we are exposed to in the normal course of our business activities:

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 numerous laws and regulations in the U.S. and foreign jurisdictions applicable to the postsecondary education industry.
- 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.
- 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.
- 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.
- The U.S. Department of Education ("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.
- Within the Defense to Repayment regulations, 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 securities.
- 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, loss of ability to enroll students in a state, and significant civil liability.
- Government budgetary pressures and changes to laws governing financial aid programs could reduce our student enrollment or delay our receipt of tuition payments.
- 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.
- 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.
- 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.
- A failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.
- 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.
- 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.
- 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.
- Student loan defaults could result in the loss of eligibility to participate in Title IV programs.

- 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 that state.
- 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.
- 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.
- 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.
- 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 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.
- Release of confidential information could subject us to civil penalties or cause us to lose our eligibility to participate in Title IV programs.
- We could be subject to sanctions if we fail to accurately and timely report sponsored students' tuition, fees, and enrollment to the sponsoring agency.

Risks Related to Adtalem's Business

- Outbreaks of communicable infections or diseases, or other public health pandemics, such as the global coronavirus outbreak and the efficacy and distribution of COVID-19 vaccines, in the locations in which we, our students, faculty, and employees live, work, and attend classes, could substantially harm our business.
- Natural disasters or other extraordinary events or political disruptions may cause us to close some of our schools.
- 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.
- 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.
- 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.
- We face heightened competition in the postsecondary education market from both public and private educational institutions.
- The personal information that we collect may be vulnerable to breach, theft, or loss that could adversely affect our reputation and operations.
- 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.
- Our ability to open new campuses, offer new programs, and add capacity is dependent on regulatory approvals and requires financial and human resources.
- 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 not be able to successfully identify, pursue, or integrate acquisitions.
- Proposed changes in, or lapses of, U.S. tax laws regarding earnings from international operations could adversely affect our financial results.
- Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Risks Related to Acquisition

- In connection with the Acquisition, we incurred additional indebtedness, which could adversely affect Adtalem, including our business flexibility and has increased our interest expense.
- Despite current indebtedness levels, we may still be able to incur substantially more debt, including secured debt, which could further exacerbate the risks we face.
- The combined company may be unable to realize the anticipated benefits of the Acquisition.

Risks Related to Shareholder Activism

- Shareholder activism, including public criticism of Adtalem or our management team, may adversely affect us.

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 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 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 20 "Commitments and Contingencies," to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data," 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. On February 27, 2020, the Department of Justice ("DOJ") notified the U.S. District Court for the District of Georgia that it would decline to intervene in two qui tam False Claims Act actions filed by former DeVry University employees related to the subject matter of the Civil Investigative Demands. Those actions were unsealed on March 2, 2020, and we cannot predict their outcome.

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. 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 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.

Under the Higher Education Act ("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 Direct Loan made under the Federal Direct Loan Program. On July 1, 2020, new Defense to Repayment regulations went into effect that include 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. The new regulations are effective with claims on loans disbursed on or after July 1, 2020.

On July 13, 2022, ED published proposed amendments to the borrower defense rules. The proposal reintroduces a group claims process, implements a single federal standard regardless of when the loan was first disbursed, removes any limitation period for filing a claim and expands acts which lead to an approved claim. ED is also proposing to revert to a six-year statute of limitations for recovery from institutions. Following a 30-day comment period, ED will publish the final rules, which we anticipate will be effective on July 1, 2023. These proposed changes could increase financial liability and reputational risk.

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 20 “Commitments and Contingencies” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”) 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.

While we intend to defend ourselves vigorously in all pending and future legal proceedings, we may settle certain matters. Moreover, regardless of the merits of our actions and 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.

We may settle certain matters due to uncertainty in potential outcome, 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. 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.

Within the Defense to Repayment regulations, 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 securities.

The Defense to Repayment regulations could require Adtalem to post multiple and substantial letters of credit or other securities 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 $400.0 million in letters of credit. In the event Adtalem is required to post letters of credit in excess of the $400.0 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, loss of ability to enroll students in a state, and 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, public health, 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, which includes Chamberlain, Walden, AUC, RUSM, and RUSVM, to significant regulatory scrutiny. Adtalem’s Title IV Institutions collectively receive 72% of their revenue from 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 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 72% of their revenue from 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.

Congress passed the American Rescue Plan Act of 2021 (the "Rescue Act"), which was signed into law on March 11, 2021. It includes language permanently modifying the 90/10 Rule. This modification expands the rule to include additional federal aid programs, including GI Bill benefits, in the 90% calculation. The provision was modified in the Senate by a bipartisan amendment offered by Senators Morgan (R-KS) and Carper (D-DE). The Moran-Carper amendment requires ED to begin a negotiated rulemaking process by October 1, 2021. Negotiated rulemaking ended in March 2022. The amended rule will first apply to institutional fiscal years beginning on or after January 1, 2023. We do not anticipate any adverse impact to our institutions as a result of these amendments.

In the 117th Congress, a comprehensive HEA reauthorization bill has not been introduced. However, standalone bills impacting Title IV federal financial aid programs have been introduced in both chambers of Congress. Some of these bills could be included in a larger legislative package, which could include the HEA. When the 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, or implementation of existing or future law by a current or future administration, 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, and legislation that limits the percentage of revenue derived from federal funds.

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.

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 resulting from COVID-19, among other things, 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 in effect for federal Stafford loans first disbursed between July 1, 2017 and July 1, 2020 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. ED has proposed amendments to the definition of substantial misrepresentation. We anticipate these changes will be effective on July 1, 2023.

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 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 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 additional conditions to participating, including, among other things, a requirement to post a letter of credit, 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 operations, 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. Although no definite calculations have been performed, as a result of the acquisition of Walden and the related transactions, Adtalem expects its consolidated composite score to fall below 1.5 at its next financial responsibility test. If Adtalem becomes unable to meet requisite financial responsibility standards within the regulations, management believes it will be able to otherwise demonstrate its ability to continue to provide educational services; however, our institutions could still be subject to heightened cash monitoring and/or be required to post a letter of credit to continue to participate in federal and state financial assistance programs.

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.

Chamberlain was most recently recertified and issued an unrestricted PPA in September 2020, with an expiration date of March 31, 2024. Walden was issued a Temporary Provisional PPA ("TPPPA") in connection with their acquisition by Adtalem on September 17, 2021. During the fourth quarter of fiscal year 2020 and the first quarter of fiscal year 2021, ED provisionally recertified AUC, RUSM, and RUSVM's Title IV PPAs with expiration dates of December 31, 2022, March 31, 2023, and June 30, 2023, respectively. The provisional nature of the agreements for AUC, RUSM, and RUSVM stemmed from increased and/or repeated Title IV compliance audit findings. Walden's TPPPA included financial requirements, which were in place prior to acquisition, such as a letter of credit, heightened cash monitoring, and additional reporting. No similar requirements were imposed on AUC, RUSM, or RUSVM. While corrective actions have been taken to resolve past compliance matters and eliminate the incidence of repetition, if AUC, RUSM, or RUSVM fail to maintain administrative capability as defined by ED while under provisional status or otherwise fail to comply with ED requirements, the institution(s) could lose eligibility to participate in Title IV programs or have that eligibility adversely conditioned, which could have a material adverse effect on the businesses, financial condition, results of operations, and cash flows.

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 operations, 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 Adtalem, 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.

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 our Title IV Institutions. 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 our Title IV Institutions may cease to be eligible to participate in Title IV programs until recertified by ED. The continuing participation of each of our Title IV Institutions 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 certain 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 our Title IV Institutions 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, 2022, 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 operations, 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 2018. Default rates for Chamberlain, Walden, AUC, RUSM, and RUSVM students for fiscal year 2018 is 2.6%, 4.7%, 0.7%, 0.9%, and 0.4%, 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 operations, 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 operations, 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 that 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.

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 operations, 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 percentage.

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 business, financial condition, results of operations, 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 financing 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 credit programs, 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 the debts, and other injunctive requirements, 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. 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.

Risks Related to Adtalem's Business

Outbreaks of communicable infections or diseases, or other public health pandemics, such as the global coronavirus outbreak and the efficacy and distribution of COVID-19 vaccines, in the locations in which we, our students, faculty, and employees live, work, and attend classes, could substantially harm our business.

Disease outbreaks and other public health conditions, such as the current outbreak of the coronavirus currently being experienced and the efficacy and distribution of COVID-19 vaccines, in the locations in which we, our students, faculty, and employees live, work, and attend classes could have a significant negative impact on our revenue, profitability, and business. We have developed and continue to develop plans to help mitigate the negative impact of the coronavirus to our business including all classes having shifted to online learning, all employees working from home, practice containment, recovery and normalization scenario planning, and emergency succession planning. Students at AUC returned to campus in St. Maarten for the January 2021 semester. A limited number of RUSM students began returning to Barbados for the January and May 2021 semesters with a full return occurring for the September 2021 semester. As of the May 2021 semester, all RUSVM basic science students have resumed classroom-based learning in St. Kitts. The coronavirus outbreak and the efficacy and distribution of COVID-19 vaccines continues to be fluid and uncertain, making it difficult to forecast the final impact it could have on our future operations. If our business experiences prolonged occurrences of adverse public health conditions, such as the coronavirus, and the attendant stay-at-home orders or reinstatement of stay-at-home orders, we believe it could have a material adverse effect on our business, financial condition, results of operations, and cash flows. We will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of our students and employees. If our business results and financial condition were materially and adversely impacted, then assets such as accounts receivable, property and equipment, operating lease assets, intangible assets and goodwill could be impaired, requiring a possible write-off. As of June 30, 2022, intangible assets from business combinations totaled $873.6 million and goodwill totaled $961.3 million.

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 we operate, particularly in the West Coast and Gulf States of the U.S., and the Caribbean. 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.

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 and healthcare. 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 decline.

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. For example, in December 2020 it was widely reported that SolarWinds, an information technology company, was the subject of a cyberattack that created security vulnerabilities for thousands of its clients. We identified a single server in our environment with SolarWinds software installed. It is important to note that this single server was used only for IP address management and was not configured in a manner that could allow for system compromise. Out of an abundance of caution, we promptly took steps to deactivate the server after applying all vendor recommended patches and hotfixes. We also scanned the environment to validate that there were no indicators of compromise related to the software. While we believe there were no compromises to our operations as a result of this attack, other similar attacks could have a significant negative impact on our systems and operations. 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 condition, results of operations, 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.

A breach of our information technology systems could subject us to liability, reputational damage or interrupt the operation of our business.

We rely upon our information technology systems and infrastructure for operating our business. We could experience theft of sensitive date or confidential information or reputational damage from malware or other cyber-attacks, which may compromise our system infrastructure or lead to data leakage, either internally or at our third-party providers. Similarly, data privacy breaches by those who access our systems may pose a risk that sensitive data, including intellectual property, trade secrets or personal information belonging to us, our employees, students, or business partners, may be exposed to unauthorized persons or to the public. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect and respond to. There can be no assurance that our mitigation efforts to protect our data and information technology systems will prevent breaches in our systems (or that of our third-party providers) that could adversely affect our operations and business and result in financial and reputational harm to us, theft of trade secrets and other proprietary information, legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties.

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.

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.

Expansion into new international markets will subject us to risks inherent in international operations.

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.

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 significantly impacted 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, including the imposition of a global minimum tax. 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 2026, 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 2027, 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 operations.

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, 2022, intangible assets from business combinations totaled $873.6 million and goodwill totaled $961.3 million. Together, these assets equaled 61% 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 $873.6 million of intangible assets and up to $961.3 million of goodwill.

We cannot guarantee that our share repurchase program will be utilized to the full value approved or that it will enhance long-term stockholder value. Repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance.

Our Board authorized a share repurchase program pursuant to which we may repurchase up to $300.0 million of our common stock through February 25, 2025. The manner, timing and amount of any share repurchases may fluctuate and will be determined by us based on a variety of factors, including the market price of our common stock, our priorities for the use of cash to support our business operations and plans, general business and market conditions, tax laws, and alternative investment opportunities. The share repurchase program authorization does not obligate us to acquire any specific number or dollar value of shares. Further, our share repurchases could have an impact on our share trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations. Our share repurchase program may be modified, suspended or terminated at any time, which may result in a decrease in the trading prices of our common stock. Even if our share repurchase program is fully implemented, it may not enhance long-term stockholder value.

Risks Related to Acquisition

The Acquisition has and will involve substantial costs.

We have incurred a number of non-recurring costs associated with the Acquisition. The majority of the non-recurring expenses consisted of transaction and regulatory costs related to the Acquisition. We also incurred, and continue to incur, transaction fees and costs related to formulating and implementing integration plans, including system consolidation costs and employment-related costs. We continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred from the Acquisition and integration. Although we anticipate that the elimination of duplicative costs and the realization of other efficiencies and synergies related to the integration should allow us to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all.

In connection with the Acquisition, we incurred additional indebtedness, which could adversely affect Adtalem, including our business flexibility and has increased our interest expense.

We have increased indebtedness following the completion of the Acquisition in comparison to our recent historical basis, which could have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing our interest expense. We also incurred various costs and expenses related to the financing of the Acquisition. The amount of cash required to pay interest on our increased indebtedness, and thereby the demands on our cash resources, is greater than the amount of cash flow required to service our indebtedness prior to the Acquisition. The increased levels of indebtedness could also reduce funds available for working capital, capital expenditures, and other general corporate purposes, and may create competitive disadvantages for us relative to other companies with lower debt levels. If we do not achieve the expected synergies and cost savings from the Acquisition, or if our financial performance after the Acquisition does not meet our current expectations, then our ability to service the indebtedness may be adversely impacted.

Despite current indebtedness levels, we may still be able to incur substantially more debt, including secured debt, which could further exacerbate the risks we face.

After giving effect to (a) the consummation of the Acquisition, (b) the issuance of the 5.50% Senior Secured Notes due 2028 (the “Notes”), (c) the delivery of collateral to any escrow accounts and entry into commitment letters by Adtalem in connection therewith, (d) entry into and incurrence of borrowings under the Credit Facility (as defined below) and the application of the net proceeds thereof, (e) the amendment of, repayment of and termination of Adtalem’s Prior Credit Agreement (as defined below), (f) the merger of the Escrow Issuer (as defined below) with and into Adtalem, with Adtalem as the surviving entity, and (g) all other transactions related or incidental to, or in connection with, any of the foregoing (including, without limitation, the payment of fees and expenses in connection with each of the foregoing), we are a highly leveraged company.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness secured by different collateral to which the Notes would be effectively junior and indebtedness of non-guarantor subsidiaries to which the Notes would be structurally subordinated. The terms of our Credit Facility and Notes limit, but not prohibit, us or our subsidiaries from incurring additional indebtedness, including secured indebtedness, but these limits are subject to significant exceptions and do not limit liabilities that do not constitute debt. If we or the guarantors incur any additional indebtedness secured by the collateral on the same first priority basis, the holders of that indebtedness will be entitled to share ratably with the lenders under the Credit Facility and holders of the Notes and the guarantees offered hereby in any proceeds of the collateral distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of our company. In addition, our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes;
- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the Notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the Notes and the agreements governing other indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the repayment of our indebtedness, thereby reducing funds available to us for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our operations or business;
- make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- make us more vulnerable to downturns in our business or the economy; and
- restrict us from making strategic acquisitions, engaging in development activities, introducing new technologies or exploiting business opportunities.

If new indebtedness is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

We and our subsidiaries may not be able to generate sufficient cash to service all of our indebtedness, including the Notes (as defined below), and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our and our subsidiaries' financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, competitive, legislative, regulatory, and other factors beyond our control. As a result, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness. In addition, because we conduct a significant portion of our operations through our subsidiaries, repayment of our indebtedness is also dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us by dividend, debt repayment, or otherwise. Our subsidiaries are distinct legal entities and, other than the guarantors on our indebtedness, they do not have any obligation to pay amounts due on the Notes or to make funds available for that purpose or for other obligations. Pursuant to applicable state limited liability company laws and other laws and regulations, our non-guarantor subsidiaries may not be able to, or may not be permitted to, make distributions to us in order to enable us to make payments in respect of the Notes. In the event that we do not receive distributions from our non-guarantor subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

In addition, there can be no assurance that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our Revolver (as defined below) in an amount sufficient to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets, which are currently experiencing significant volatility during the ongoing COVID-19 pandemic, and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture governing the Notes may restrict us from adopting some of these alternatives.

If we cannot make scheduled payments on our indebtedness, we will be in default, and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under the credit facilities could terminate their commitments to loan money, our secured lenders (including the lenders under the credit facilities and the holders of the Notes) could foreclose against the assets securing their loans and the Notes and we could be forced into bankruptcy or liquidation.

The combined company may be unable to successfully integrate the business of Adtalem and the Walden business acquired in the Acquisition and realize the anticipated benefits of the Acquisition.

The success of the Acquisition will depend, in part, on the combined company's ability to successfully combine the business of Adtalem and the Walden business acquired in the Acquisition, and realize the anticipated benefits, including synergies, cost savings, innovation, and operational efficiencies, from the combination. If the combined company is unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected and the combined company's financial position, results of operations and cash flows, and the value of its common stock may be harmed. Additionally, rating agencies may take negative actions against the combined company.

The Acquisition involves the integration of certain Walden assets of Laureate with Adtalem's existing business, which is expected to be a complex, costly, and time-consuming process. The integration may result in material challenges, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls at one or both of the companies as a result of the devotion of management's attention to the Acquisition;
- managing a larger combined company;
- maintaining employee morale and retaining key management and other employees;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- retaining existing business and operational relationships and attracting new business and operational relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating geographically separate organizations;
- unanticipated issues in integrating information technology, communications, and other systems;
- unanticipated changes in federal or state laws or regulations, including changes with respect to government financial aid programs and any regulations enacted thereunder;
- unforeseen or worse than anticipated liabilities or risks related to Walden; and
- unforeseen expenses or delays associated with the Acquisition.

Many of these factors will be outside of the combined company's control and any one of them could result in delays, increased costs, decreases in the amount of expected revenues, and diversion of management's time and energy, which could materially affect the combined company's financial position, results of operations, and cash flows.

The integration of Walden with Adtalem's business may result in unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. These integration matters could have an adverse effect on (i) each of Adtalem and Walden during this transition period and (ii) the combined company for an undetermined period after completion of the Acquisition. In addition, any actual cost savings of the Acquisition could be less than anticipated.

Risks Related to Shareholder Activism

We may face risks associated with shareholder activism

Publicly traded companies are subject to campaigns by shareholders advocating corporate actions related to matters such as corporate governance, operational practices, and strategic direction. We have previously been subject to shareholder activity and demands and may be subject to further shareholder activity and demands in the future. Such activities could interfere with our ability to execute our business plans, be costly and time-consuming, disrupt our operations, and divert the attention of management, any of which could have an adverse effect on our business or stock price.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Adtalem's leased facilities are occupied under leases whose remaining terms range from 1 to 10 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 883,000 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 two facilities owned by Adtalem. Adtalem is subleasing space, in full or in part, at an additional 11 facilities, of which 7 are subleased to DeVry University and/or Carrington College (a business formerly owned by Adtalem). Adtalem remains the primary lessee on the 11 underlying leases. These lease and sublease agreements were entered into at comparable market rates and the terms range from one to four years.

Chamberlain

Chamberlain's home office is located in Chicago, Illinois. Chamberlain currently operates 23 campuses in various U.S. locations, of which 3 are in Adtalem owned locations and 20 in leased facilities. Chamberlain's total portfolio of academic and administrative operations comprise approximately 1.0 million square feet.

Walden

Walden's home office is located in a leased facility in Columbia, Maryland utilizing approximately 90,000 square feet of office space. In addition, Walden has office space in Minneapolis, Minnesota utilizing approximately 10,000 square feet.

Medical and Veterinary

AUC

AUC's nine-acre campus is located in St. Maarten. The campus is owned and includes approximately 240,000 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 office space in Miramar, Florida.

RUSM

RUSM's campus is located in Barbados and is comprised of approximately 450,000 square feet of leased facilities. 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 totaling 367,000 square feet. The RUSM campus is also supported by administrative staff located in office space in Miramar, Florida.

RUSVM

RUSVM's 50-acre campus is located in St. Kitts. The campus is owned and includes approximately 253,000 square feet. 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 office space in North Brunswick, New Jersey.

Home Office

Adtalem's home office staff is located in a leased facility in Chicago, Illinois utilizing approximately 84,000 square feet of office space.

Item 3. Legal Proceedings

For a discussion of legal proceedings, see Note 20 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Item 4. Mine Safety Disclosures

Not applicable.

Information About Our Executive Officers

Our executive officers are as follows, along with each executive officer's position, age, and business experience as of the date of this filing:

Name and Current Position	Age	Business Experience
Stephen W. Beard President and Chief Executive Officer	51	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. In February 2020, Mr. Beard assumed responsibilities for our former Financial Services segment and was relieved of his General Counsel responsibilities. In September 2021, Mr. Beard was appointed Adtalem's President and Chief Executive Officer. 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.
James Bartholomew Senior Vice President, Chamberlain University and Institutional Shared Services	55	Mr. Bartholomew re-joined Adtalem in 2020 as President, Adtalem Medical. In 2021, Mr. Bartholomew was appointed Senior Vice President of integration and transformation and later in 2021 was appointed Senior Vice President, Chamberlain University and Institutional Shared Services. Prior to re-joining Adtalem, Mr. Bartholomew served as President and CEO of DeVry University, Inc. from 2017 through 2020 and their Chief Operating Officer from 2014 through 2017. Previously, Mr. Bartholomew was President at Le Cordon Bleu in 2013 and served in a variety of leadership roles at Universal Technical Institute from 2010 through 2012.
Douglas G. Beck Senior Vice President, General Counsel and Corporate Secretary	55	Mr. Beck joined Adtalem in June 2021 as Senior Vice President, General Counsel and Corporate Secretary. Prior to joining Adtalem, Mr. Beck held a variety of leadership roles at Hub Group from 2011 through 2021 and was most recently Executive Vice President, General Counsel and Secretary. Previously, Mr. Beck served in a legal capacity in a number of other companies across a variety of industries including Alberto Culver, Navistar, and Allegiance Healthcare.
Michael Betz President, Walden University	49	Mr. Betz joined Adtalem in May 2022 as President of Walden University. Prior to joining Adtalem, Mr. Betz served in a variety of leadership roles at McKinsey & Co. from 2017 through 2022 where he most recently served as partner and was a leader in McKinsey's higher education and growth transformation practices.

Name and Current Position	Age	Business Experience
Dr. Karen Cox President, Chamberlain University	62	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.
John Danaher President, Medical and Veterinary	63	Mr. Danaher joined Adtalem in August 2021 as President, Medical and Veterinary. Prior to joining Adtalem, Mr. Danaher served as President, Global Clinical Solutions at Elsevier from 2017 through 2021. Prior to that role, Mr. Danaher was President, Education from 2013 through 2017.
Manjunath Gangadharan Vice President, Chief Accounting Officer	40	Mr. Gangadharan joined Adtalem in April 2022 as Vice President, Chief Accounting Officer. Prior to joining Adtalem, Mr. Gangadharan served as Vice President, Corporate Controller at Culligan International since April 2021. Previously, Mr. Gangadharan served as the Chief Accounting Officer at Groupon Inc. since February 2020 and prior to that served in various leadership roles at Groupon including as Senior Director, North America Controller and Head of Global Payroll and Shared Services from May 2019 to February 2020; Director of Corporate Accounting from April 2018 to May 2019; and International Goods Controller from December 2016 to April 2018.
Maurice Herrera Senior Vice President, Chief Marketing Officer	52	Mr. Herrera joined Adtalem in October 2021 as Senior Vice President, Chief Marketing Officer. Prior to joining Adtalem, Mr. Herrera served as Senior Vice President, Americas Chief Marketing Officer at Avis Budget from 2018 through 2021. Previously, Mr. Herrera served as Senior Vice President, Head of Marketing at Weight Watchers from 2014 through 2018.
Cheryl James Senior Vice President, Chief Human Resources Officer	59	Ms. James joined Adtalem in February 2022 as Senior Vice President, Chief Human Resources Officer. Prior to joining Adtalem, Ms. James served as Chief Human Resources Officer at Hillrom from 2020 through 2022. Prior to that role, Ms. James was VP, HR, Global Surgical Solutions, APAC & Corporate Functions from 2019 through 2020 and VP, HR, International & Corporate Functions from 2015 through 2015 through 2019.
Robert J. Phelan Senior Vice President, Chief Financial Officer	57	Mr. Phelan joined Adtalem in February 2020 as Vice President, Chief Accounting Officer. Effective April 24, 2021, Mr. Phelan served as Interim Chief Financial Officer and was appointed Senior Vice President, Chief Financial Officer in October 2021. Prior to joining Adtalem, Mr. Phelan served as Senior Vice President, Finance - Corporate Controller / Risk Management / Asset Protection at Sears Holdings Corporation ("Sears"), the parent company of Kmart Holdings Corporation and Sears, Roebuck and Co., an integrated retailer with a national network of stores, since June 2018. Previously, Mr. Phelan was the Senior Vice President, Finance - Treasurer & Chief Audit Executive at Sears from July 2016 through May 2018. Mr. Phelan also served as Senior Vice President and President – Inventory & Space Management at Sears from September 2007 through June 2016.

Name and Current Position	Age	Business Experience
Steven Tom Senior Vice President, Chief Customer Officer	41	Mr. Tom joined Adtalem in August 2021 as Senior Vice President, Chief Customer Officer when Adtalem acquired Walden University from Laureate Education. Prior to joining Adtalem, Mr. Tom served as Chief Transformation Officer and Senior Vice President, Student Experience at Walden University from 2018 through 2021, leading digital transformation, student experience, information technology, analytics, data science, and student support. Prior to that role, Mr. Tom was Vice President at Laureate Education leading technology innovation and digital experience from 2016 through 2018. Previously, Mr. Tom served as Senior Vice President of Analytics, Innovation and Learning at TESSCO Technologies from 2011 through 2016.
Evan Trent Senior Vice President, Chief Strategy and Transformation Officer	43	Mr. Trent joined Adtalem in August 2019 as Vice President, Strategy and Corporate Development. In July 2022, Mr. Trent was appointed Senior Vice President, Chief Strategy and Transformation Officer. Prior to joining Adtalem, Mr. Trent served as Chief Operating Officer at HBR Consulting from 2018 through 2019. Previously, Mr. Trent served as Vice President, Strategy and Corporate Development at Heidrick & Struggles from 2014 through 2018.
Lisa W. Wardell Executive Chairman of the Board	52	Ms. Wardell joined Adtalem in May 2016 as President and Chief Executive Officer and was appointed Chairman of the Board in July 2019. Ms. Wardell has served on the Adtalem Board of Directors since 2008 and previously chaired the audit and finance committee. On September 8, 2021, Mr. Beard succeeded Ms. Wardell as Adtalem's Chief Executive Officer and Ms. Wardell currently serves as Executive Chairman of the Board for a one-year term. Prior to joining Adtalem, Ms. Wardell was Executive Vice President and Chief Operating Officer of The RLJ Companies from 2004 through 2016.

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 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 282 current holders of record of Adtalem's common stock as of August 4, 2022. 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) Retirement Plan, and its Colleague Stock Purchase Plan.

Dividends

Adtalem did not pay any dividends in fiscal year 2021 or 2022. 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

None.

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, 2022.

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 1, 2022 - April 30, 2022	—	$ —	—	$ 300,000,000
May 1, 2022 - May 31, 2022	—	—	—	300,000,000
June 1, 2022 - June 30, 2022	—	—	—	300,000,000
Total	—	$ —	—	$ 300,000,000

(1) On November 8, 2018, we announced that the Board authorized the eleventh share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The eleventh share repurchase program commenced in January 2019 and was completed in January 2021. On February 4, 2020, we announced that the Board authorized Adtalem's twelfth share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem's thirteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of its common stock through February 25, 2025. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors. On March 14, 2022, we entered into an accelerated share repurchase ("ASR") agreement to repurchase $150.0 million of common stock under which 4,709,576 shares were initially delivered. See Note 15 "Share Repurchases" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our share repurchase programs, including the ASR agreement.

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 1, 2022 - April 30, 2022	—	$ —	NA	NA
May 1, 2022 - May 31, 2022	1,227	29.39	NA	NA
June 1, 2022 - June 30, 2022	2,226	31.69	NA	NA
Total	3,453	$ 30.87	NA	NA

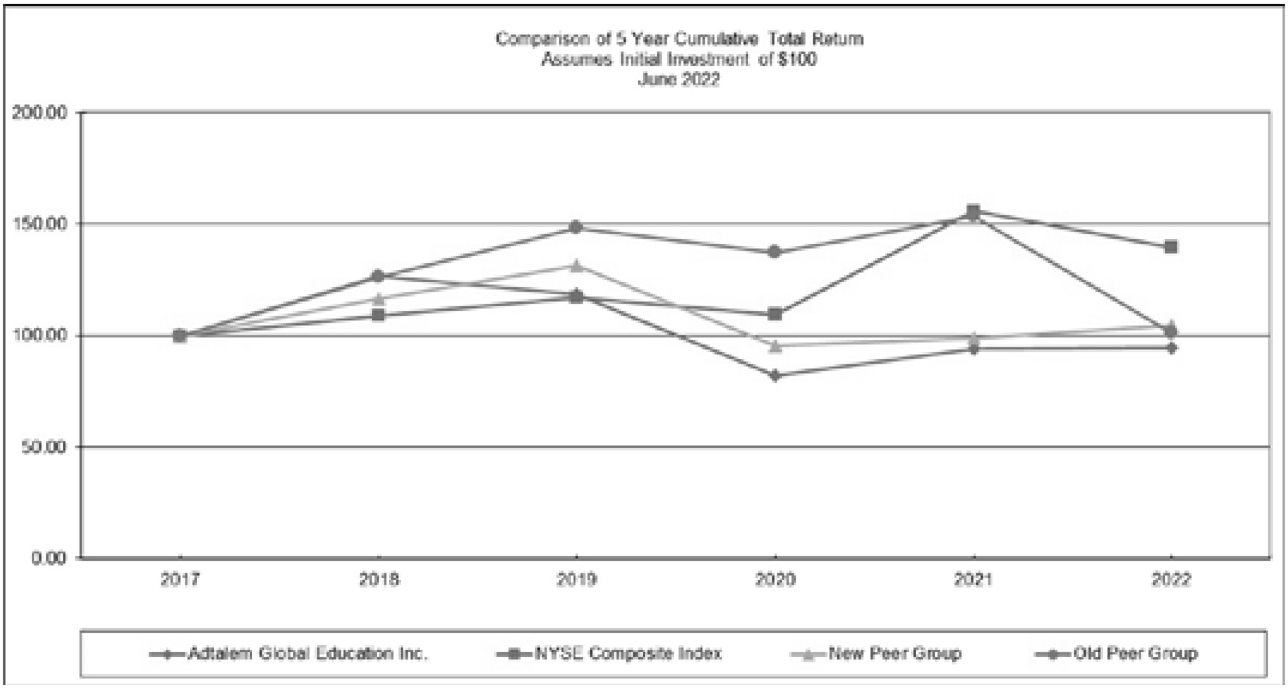
(1) Represents shares delivered back to Adtalem for payment of withholding taxes from employees for vesting restricted stock units and shares swapped for payment on exercise of incentive stock options pursuant to the terms of Adtalem's stock incentive plans.

Performance Graph

The following graph compares the cumulative total returns of Adtalem's common stock, the NYSE Composite Index (U.S. Companies), the New Peer Group (as defined below), and the Old Peer Group (as defined below) for the period from June 30, 2017 through June 30, 2022, assuming an investment of $100 in each on June 30, 2017 and also assumes the reinvestment of dividends. The stock price performance on the following graph is not necessarily indicative of future stock performance. The following graph is not "soliciting material," is not deemed filed with the Securities and Exchange

Commission, and is not incorporated by reference in any of our filings under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the data of this Form 10-K and irrespective of any general incorporation language in any such filing.

Comparison of Five-Year Cumulative Total Return
Among Adtalem Global Education Inc., NYSE Composite Index, and a Peer Group



	June 30,					
	2017	2018	2019	2020	2021	2022
Adtalem Global Education Inc.	100	127	119	82	94	95
NYSE Composite Index (U.S. Companies)	100	109	117	110	156	140
New Peer Group (1)	100	116	131	95	99	104
Old Peer Group (1)	100	126	148	137	153	101

Source data: Zacks Investment Research

(1) The self-determined “New Peer Group” consists of the following companies selected on the basis of similarity in nature of their businesses: American Public Education, Inc., Graham Holdings Company, Grand Canyon Education, Inc., Laureate Education, Inc., Perdoceo Education Corporation (formerly known as Career Education Corporation), and Strategic Education, Inc. (formerly known as Strayer Education, Inc.). The “Old Peer Group” consists of the following companies: American Public Education, Inc., Chegg Inc., Graham Holdings Company, Grand Canyon Education, Inc., Laureate Education, Inc., Perdoceo Education Corporation (formerly known as Career Education Corporation), and Strategic Education, Inc. (formerly known as Strayer Education, Inc.). We removed Chegg Inc. from our peer group due to Adtalem exiting similar markets served by Chegg Inc as a result of our recent divestitures.

Item 6. Selected Financial Data

Not required.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), Adtalem Global Education Inc., together with its subsidiaries, is collectively referred to as "Adtalem," "we," "our," "us," or similar references.

Discussions within this MD&A may contain forward-looking statements. See the "Forward-Looking Statements" section preceding Part I of this Annual Report on Form 10-K for details about the uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements.

Throughout this MD&A, we sometimes use information derived from the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" and the notes thereto but not presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain of these items are considered "non-GAAP financial measures" under the Securities and Exchange Commission ("SEC") rules. See the "Non-GAAP Financial Measures and Reconciliations" section for the reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures.

Certain items presented in tables may not sum due to rounding. Percentages presented are calculated from the underlying numbers in thousands. Discussions throughout this MD&A are based on continuing operations unless otherwise noted. The MD&A should be read in conjunction with the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" and the notes thereto.

Segments

During the first quarter of fiscal year 2022, Adtalem made a change to its reportable segments to align with current strategic priorities and resource allocation.

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when the Association of Certified Anti-Money Laundering Specialists ("ACAMS"), Becker Professional Education ("Becker"), OnCourse Learning ("OCL"), and EduPristine, were classified as discontinued operations and assets held for sale. In accordance with GAAP we have classified the ACAMS, Becker, OCL, and EduPristine entities as "Held for Sale" and "Discontinued Operations" in all periods presented as applicable. As a result, all financial results, disclosures, and discussions of continuing operations in this Annual Report on Form 10-K exclude ACAMS, Becker, OCL, and EduPristine operations, unless otherwise noted. On March 10, 2022, we completed the sale of ACAMS, Becker, and OCL and on June 17, 2022, we completed the sale of EduPristine. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations. See Note 4 "Discontinued Operations and Assets Held for Sale" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional discontinued operations information.

We present three reportable segments as follows:

Chamberlain – Offers degree and non-degree programs in the nursing and health professions postsecondary education industry. This segment includes the operations of Chamberlain University ("Chamberlain").

Walden – Offers more than 100 online certificate, bachelor's, master's, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden University ("Walden"), which was acquired by Adtalem on August 12, 2021. See Note 3 "Acquisitions" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on the acquisition.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of the American University of the Caribbean School of Medicine ("AUC"), Ross University School of Medicine ("RUSM"), and Ross University School of Veterinary Medicine ("RUSVM"), which are collectively referred to as the "medical and veterinary schools."

“Home Office and Other” includes activities not allocated to a reportable segment. Financial and descriptive information about Adtalem’s reportable segments is presented in Note 21 “Segment Information” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data.”

Certain expenses previously allocated to ACAMS, Becker, OCL, and EduPristine within our former Financial Services segment during fiscal year 2020, fiscal year 2021, and the first quarter of fiscal year 2022 have been reclassified to Home Office and Other based on discontinued operations reporting guidance regarding allocation of corporate overhead. Beginning in the second quarter of fiscal year 2022, these costs are being allocated to the Chamberlain, Walden, and Medical and Veterinary segments.

Walden University Acquisition

On August 12, 2021, Adtalem completed the acquisition of all the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company (“e-Learning”), and its subsidiary, Walden University, LLC, a Florida limited liability company, from Laureate Education, Inc. (“Laureate” or “Seller”) in exchange for a purchase price of $1.5 billion in cash (the “Acquisition”). See the “Liquidity and Capital Resources” section of this MD&A for a discussion on the financing used to fund the Acquisition. The risks and uncertainties related to the Acquisition are described in Item 1A. “Risk Factors.”

Fiscal Year 2022 Highlights

Financial and operational highlights for fiscal year 2022 include:

- Adtalem revenue grew $480.2 million, or 53.0%, in fiscal year 2022 compared to the prior year. Excluding the effect of the Walden acquisition, Adtalem revenue declined $5.2 million, or 0.6%, in fiscal year 2022 compared to the prior year. Chamberlain saw a decline in revenue and Medical and Veterinary saw an increase in revenue.

- Net income attributable to Adtalem of $317.7 million ($6.57 diluted earnings per share) increased $240.8 million ($5.08 diluted earnings per share) in fiscal year 2022 compared to net income attributable to Adtalem of $76.9 million in the prior year. This increase was primarily driven by the gain on the disposal of Financial Services, partially offset by increased interest expense. Net income from continuing operations excluding special items of $158.2 million ($3.24 diluted earnings per share) increased $38.9 million ($0.93 diluted earnings per share), or 32.6%, in fiscal year 2022 compared to the prior year. This increase was driven principally by the addition of Walden operations, partially offset by increased interest expense.

- For the May 2022 session, total student enrollment at Chamberlain decreased 5.8% compared to the same session last year. Chamberlain experienced declining enrollment in several programs, with the most pronounced being in the Registered Nurse to Bachelor of Science in Nursing (“RN-to-BSN”) online degree program.

- On August 12, 2021, Adtalem completed its acquisition of Walden. As of June 30, 2022, total student enrollment at Walden was 39,470 students. Total enrollment decreased 9.5% compared to June 30, 2021. (Prior year figures are as calculated in the prior year by Walden while controlled by Laureate — these figures are used for comparative purposes only.)

- For the May 2022 semester, total student enrollment at the medical and veterinary schools increased 3.5% compared to the same semester last year.

- On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group (“Purchaser”), pursuant to the Equity Purchase Agreement (“Purchase Agreement”) dated January 24, 2022. Adtalem received $962.7 million, net of cash of $21.5 million, in sale proceeds.

- On March 11, 2022, we made a prepayment of $396.7 million on our Term Loan B debt. On April 11, 2022, we repaid $373.3 of our 5.50% Senior Secured Notes due 2028 (the “Notes”), for cash at a price equal to 100% of the principal amount of the Notes. During June 2022, we repurchased on the open market an additional $20.8 million of Notes at a price equal to approximately 90% of the principal amount of the Notes.

- On March 14, 2022, we entered into an accelerated share repurchase ("ASR") agreement to repurchase $150.0 million of common stock. We received an initial delivery of 4,709,576 shares of common stock. The final settlement of the ASR agreement is expected to be completed no later than during the second quarter of fiscal year 2023 in accordance with the contractual completion date.

- On March 1, 2022, we announced that the Board of Directors (the "Board") authorized Adtalem's thirteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of its common stock through February 25, 2025. No repurchases were made under this program during fiscal year 2022.

Overview of the Impact of COVID-19

On March 11, 2020, the novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization. COVID-19 has had tragic consequences across the globe and altered business and consumer activity across many industries. Management initiated several changes to the operations of our institutions and administrative functions in order to protect the health of our students and employees and to mitigate the financial effects of COVID-19 and its resultant economic slowdown. We will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of our students and employees.

<u>Results of Operations</u>

Management believes the decreased enrollments at Chamberlain and Walden, and to a lesser extent at Medical and Veterinary, are partially driven by disruptions in the nursing and healthcare markets caused by COVID-19. The amount of revenue, operating income, and earnings per share losses in fiscal year 2022 driven by this disruption are not quantifiable. Management anticipates COVID-19 will continue to negatively affect consolidated revenue, operating income, and earnings per share during fiscal year 2023 and beyond or for as long as the pandemic and the various surges continue. In fiscal year 2022, we experienced higher variable expenses associated with bringing students back to campus and providing a safe environment in the context of COVID-19 as in-person instruction continues at Chamberlain and the medical and veterinary schools. These higher variable expenses are expenses incurred in the normal course of on campus operations and will not be categorized as COVID-19 expenses. COVID-19 effects on fiscal year 2022 and 2021 results of operations of the Adtalem institutions are described below.

- <u>Chamberlain</u>: Approximately 30% of Chamberlain's students are based at campus locations and pursuing their Bachelor of Science in Nursing ("BSN") degree; at the onset of the COVID-19 outbreak, all campus-based students transitioned to online learning for didactic and select clinical experiences. The remaining 70% of Chamberlain's students are enrolled in online programs that may or may not have clinical components and those programs continued to successfully operate. Students and employees have returned to all Chamberlain campuses for onsite instruction. Management believes that COVID-19 disruptions in the healthcare industry may have driven the enrollment decisions of potential students in the fiscal year 2022 sessions; however, the resulting revenue losses specific to COVID-19 are not quantifiable. COVID-19 did not result in significantly increased costs at Chamberlain in fiscal year 2022 and 2021. The extent of the impact in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19, the efficacy and distribution of the vaccines, and whether any pandemic surge affects healthcare facilities' ability to continue to provide clinical experiences. Chamberlain has clinical partnerships with healthcare facilities across the U.S., minimizing the risk of suspension of all onsite clinical education experiences.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") became law on March 27, 2020. It provided funding for higher education, which included emergency grants, known as Higher Education Emergency Relief Fund ("HEERF") I, for students who experienced an unexpected expense or hardship as a result of the disruption of campus operations due to COVID-19. In June 2020, Chamberlain received a total of $8.0 million in HEERF I grant funding, for which distribution to eligible students commenced on July 7, 2020. The Consolidated Appropriations Act, 2021 (the "Appropriations Act") became law on December 27, 2020. The Appropriations Act includes the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 and is referred to as HEERF II. In February 2021, Chamberlain was awarded $7.1 million in HEERF II grant funding, all of which was disbursed to students in fiscal year 2021. The American Rescue Plan Act of 2021 (the "Rescue Act") became law on March 11, 2021 and authorized additional grant funds for students, known as HEERF III. Chamberlain was allocated $4.6 million in HEERF III grant funds that are dedicated solely to students who meet the institution's eligibility criteria and which were disbursed to students in July 2021. HEERF I, II, and III funds have been a one-time emergency student financial aid resource associated with the COVID-19 pandemic and recovery, and thus are not anticipated to be renewed in the future. All of the funds received under HEERF I, II, and III were redistributed to eligible students who demonstrated exceptional need. As a result, these funds were recorded as zero net revenue in their respective periods and, thus, did not have a significant effect on the results of operations, financial position, or cash flows of Adtalem in fiscal year 2022, 2021, and 2020.

- Walden: All of Walden's students are enrolled in online programs and these programs have continued to successfully operate throughout the COVID-19 pandemic. Management believes that COVID-19 disruptions in the healthcare industry may have driven the enrollment decisions of potential students in fiscal year 2022; however, the resulting revenue losses specific to COVID-19 are not quantifiable. COVID-19 did not result in increased costs at Walden in fiscal year 2022. The extent of the impact in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19 and the efficacy and distribution of the vaccines.

- AUC and RUSM: Medical students enrolled in the basic science portion of their program transitioned to online learning at the onset of the COVID-19 outbreak. Many students left St. Maarten and Barbados to continue their studies remotely from other locations. AUC and RUSM were able to provide remote learning and have students remain eligible for U.S. federal financial aid assistance under a waiver provided by the U.S. Secretary of Education that was included in the CARES Act signed into law in March 2020. The waiver was dependent upon the host country's coronavirus state of emergency declaration. The nation of St. Maarten lifted their declaration in June 2020, and as a result, AUC's ability to offer distance education ended after the September 2020 semester, requiring all AUC students to return to St. Maarten for basic science instruction effective January 2021. A limited number of RUSM students began returning to Barbados in January and May 2021 with a full return occurring for the September 2021 semester. The Appropriations Act was signed into law in December 2020, and corrected technical errors in the CARES Act, which clarified the authority to operate via distance learning due to a declaration of an emergency in an applicable country or a qualifying emergency in the U.S. This section also extended these flexibilities through the end of the qualifying emergency or June 30, 2022, whichever was later. The Appropriations Act provided Adtalem's foreign institutions the ability to continue distance education without disruption to their students' Title IV federal financial aid. Management believes uncertainties caused by COVID-19 may have driven the enrollment decisions of potential and current students; however, COVID-19 did not result in significant or quantifiable revenue losses or increased costs within the basic science programs at the medical schools in fiscal year 2022 and 2021, except with respect to housing operations in fiscal year 2021, as discussed below. COVID-19 will likely continue to have a minimal impact on basic science program revenue in fiscal year 2023, unless significant numbers of students choose to not continue or start their studies during this time of uncertainty. The extent of the impact in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19, the efficacy and distribution of the vaccines, and whether any pandemic surge affects healthcare facilities' ability to continue to provide clinical experiences. Students who have completed their basic science education progress to clinical rotations in the U.S. and the U.K. Clinical rotations for all students were temporarily suspended in March 2020; however, some students were able to participate in online clinical elective courses during this transition period and beyond. The COVID-19 surge experienced during the winter in fiscal year 2021 across the U.S. caused many partner hospitals to again reduce the hours available for clinical experiences. As a result, although many students were able to resume their clinical education during the second quarter of fiscal year 2021, management estimates that not being able to offer a full clinical program reduced combined revenue of AUC and RUSM by approximately $21 million and operating income losses by approximately $14 million in fiscal year 2021. As of June 2021, all clinical partners of AUC and RUSM resumed their clinical programs. As a result, COVID-19 did not result in any lost clinical revenue in fiscal year 2022. Should future surges in COVID-19 again restrict the number of clinical hours available to our students, we could experience negative effects on revenue and operating income in fiscal year 2023 and beyond. Adtalem has clinical partnerships with hospitals across the U.S. and the U.K., minimizing the risk of suspension of all onsite clinical education experiences. In addition to the loss of clinical revenue and operating income at AUC and RUSM, management estimates losses of housing and student transportation revenue of approximately $13 million and operating income of approximately $10 million in fiscal year 2021 due to students not returning to the St. Maarten and Barbados campuses. All students were allowed back on the two campuses in the first quarter of fiscal year 2022, and therefore, COVID-19 did not result in significant lost housing and student transportation revenue in fiscal year 2022.

- RUSVM: All basic science veterinary students transitioned to online learning beginning in March 2020. Many students left St. Kitts in March 2020 to continue their studies remotely from other locations. As of May 2021, all basic science students returned to St. Kitts where lectures continue to be delivered both in-person and remotely with labs delivered in-person. COVID-19 did not result in significant revenue losses or increased costs within the basic science program in fiscal year 2022 and 2021. We do not expect a significant impact from COVID-19 on the basic science program in fiscal year 2023, unless students choose to not continue or start their studies during this time of uncertainty. RUSVM continued to provide remote learning during the pandemic and students remained eligible for U.S. federal financial aid assistance under a waiver provided by the CARES Act and the Appropriations Act. The Appropriations Act extended through the end of the qualifying emergency or June 30, 2022, whichever was later, as described above. Students who have completed their basic science education progress to clinical rotations at select universities in the U.S., Canada, Australia, Ireland, New Zealand, and the U.K. A few universities initially suspended onsite clinical experiences and transitioned students to online education. All universities have since resumed onsite clinical courses. The initial suspensions did not significantly reduce revenue or operating income in fiscal year 2022 and 2021. While we do not expect a significant impact from COVID-19 at RUSVM, the extent of the impact on clinical experiences in fiscal year 2023 and beyond will be determined based on the length and severity of the effects of COVID-19, the efficacy and distribution of the vaccines, and whether any pandemic surge affects healthcare facilities' ability to continue to provide clinical experiences.

- Administrative Operations: Remote and hybrid work arrangements continue in both the U.S. and at foreign locations, and employees have begun to return to the office. The remote work arrangements have not adversely affected Adtalem's ability to maintain operations, financial reporting systems, internal control over financial reporting, or disclosure controls and procedures. The effectiveness of our remote technology enables our ability to maintain these systems and controls. Management does not anticipate Adtalem will be materially impacted by any constraints or other impacts on our human capital resources and productivity. Travel restrictions and border closures are not expected to have a material impact on our ability to operate and achieve operational goals. While recent travel expenditures have been lower than historical levels, we would expect these costs to increase as the effects of COVID-19 continue to dissipate. No significant home office costs related to COVID-19 were incurred in fiscal year 2022 and 2021, and no such costs are anticipated in fiscal year 2023 and beyond.

Although COVID-19 has had a negative effect on the operating results of all four reporting units that contain goodwill and indefinite-lived intangible assets as of June 30, 2022, none of the effects are considered significant enough to create an impairment triggering event during fiscal year 2022. In addition, our annual impairment assessment performed as of May 31, 2022 did not identify any impairments. While management has considered the effects of the COVID-19 pandemic in evaluating the existence of an impairment triggering event, it is possible that effects to revenue and cash flows will be more significant than currently expected if the effects of the COVID-19 pandemic and measures established to combat the virus become more severe and restrictive and continue for an extended period of time. Should economic conditions deteriorate beyond expectations in fiscal year 2023, an impairment triggering event could arise and require reassessment of the fair values of goodwill and intangible assets.

Liquidity

Adtalem's cash and cash equivalents balance as of June 30, 2022 was $347.0 million. Adtalem generated $163.8 million in operating cash flow from continuing operations in fiscal year 2022. In the event of unexpected market conditions or negative economic changes, including those caused by COVID-19, that could negatively affect Adtalem's earnings and/or operating cash flow, Adtalem maintains a $400.0 million revolving credit facility with availability of $316.0 million as of June 30, 2022. On July 14, 2022, the $84.0 million letter of credit under our Credit Facility (as defined in Note 13 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data") was released due to Adtalem executing a surety-backed letter of credit. Therefore, the amount undrawn under the Credit Facility was $400.0 million as of the filing date of this Annual Report on Form10-K. Management currently projects that COVID-19 will continue to have an effect on operations; however, we believe the current balances of cash, cash generated from operations, and our credit facility will be sufficient to fund both Adtalem's current domestic and international operations and growth plans for the foreseeable future. See further discussion on the new financing executed to close the Acquisition in the section of this MD&A titled "Liquidity and Capital Resources."

Results of Operations

The following table presents selected Consolidated Statements of Income (Loss) data as a percentage of revenue:

	Year Ended June 30, 2022	2021	2020
Revenue	100.0 %	100.0 %	100.0 %
Cost of educational services	47.6 %	50.5 %	52.8 %
Student services and administrative expense	41.0 %	32.3 %	32.4 %
Restructuring expense	1.8 %	0.8 %	2.7 %
Business acquisition and integration expense	3.8 %	3.5 %	0.0 %
Gain on sale of assets	0.0 %	0.0 %	(0.6)%
Total operating cost and expense	94.2 %	87.0 %	87.3 %
Operating income	5.8 %	13.0 %	12.7 %
Net other (expense) income	(9.0)%	(3.8)%	11.0 %
(Loss) income from continuing operations before income taxes	(3.2)%	9.2 %	23.7 %
Benefit from (provision for) income taxes	1.1 %	(1.4)%	1.7 %
(Loss) income from continuing operations	(2.2)%	7.8 %	25.4 %
Income (loss) from discontinued operations, net of tax	25.1 %	0.7 %	(35.3)%
Net income (loss)	22.9 %	8.4 %	(9.9)%
Net loss attributable to redeemable noncontrolling interest from discontinued operations	0.0 %	0.0 %	0.1 %
Net income (loss) attributable to Adtalem	22.9 %	8.5 %	(9.8)%

Fiscal Year Ended June 30, 2022 vs. Fiscal Year Ended June 30, 2021

Revenue

The following table presents revenue by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2022 Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2021 as reported	$ 563,814	$ —	$ 343,087	$ 906,901
Organic (decline) growth	(6,278)	—	1,106	(5,172)
Effect of acquisitions	—	485,393	—	485,393
Fiscal year 2022 as reported	$ 557,536	$ 485,393	$ 344,193	$ 1,387,122
Fiscal year 2022 % change:				
Organic (decline) growth	(1.1)%	NM	0.3 %	(0.6)%
Effect of acquisitions	—	NM	—	53.5 %
Fiscal year 2022 % change as reported	(1.1)%	NM	0.3 %	53.0 %

Chamberlain

Chamberlain Student Enrollment:

Session	Fiscal Year 2022 July 2021	Sept. 2021	Nov. 2021	Jan. 2022	Mar. 2022	May 2022
Total students	32,729	34,539	33,648	34,141	34,158	32,891
% change from prior year	1.6 %	(2.8)%	(2.1)%	(4.5)%	(4.3)%	(5.8)%

Session	Fiscal Year 2021 July 2020	Sept. 2020	Nov. 2020	Jan. 2021	Mar. 2021	May 2021
Total students	32,198	35,525	34,387	35,750	35,702	34,930
% change from prior year	12.2 %	11.9 %	10.2 %	5.6 %	5.8 %	4.6 %

Chamberlain revenue decreased 1.1%, or $6.3 million, to $557.5 million in fiscal year 2022 compared to the prior year, driven by declining total enrollments in the September 2021 through May 2022 sessions compared to the same sessions from the prior year. Management believes that a decrease in total student enrollment in several programs, with the most pronounced being in the RN-to-BSN online degree program, may partially be driven by prolonged COVID-19 disruptions in the healthcare industry. It is expected disruptions caused by COVID-19 may continue to effect enrollment for as long as the pandemic and its aftermath continue to stress healthcare professionals.

Chamberlain currently operates 23 campuses in 15 states, including Chamberlain's newest campus in Irwindale, California, which began instruction in May 2021.

Tuition Rates:

Tuition for the BSN onsite and online degree program ranges from $675 to $699 per credit hour. Tuition for the RN-to-BSN online degree program is $590 per credit hour. Tuition for the online Master of Science in Nursing ("MSN") degree program is $650 per credit hour. Tuition for the online Family Nurse Practitioner ("FNP") degree program is $665 per credit hour. Tuition for the online Doctor of Nursing Practice ("DNP") degree program is $775 per credit hour. Tuition for the online Master of Public Health ("MPH") degree program is $550 per credit hour. Tuition for the online Master of Social Work ("MSW") degree program is $695 per credit hour. All of these tuition rates are unchanged from the prior year, except for the BSN rates which were $675 to $730 per credit hour in the prior year. These tuition rates do not include the cost of course fees, books, supplies, transportation, clinical fees, living expenses, or other fees as listed in the Chamberlain academic catalog.

Walden

Walden Student Enrollment:

	Fiscal Year 2022			
Period	**September 30, 2021**	**December 31, 2021**	**March 31, 2022**	**June 30, 2022**
Total students	44,886	41,158	42,788	39,470

Walden total student enrollment represents those students attending instructional sessions as of September 30, 2021, December 31, 2021, March 31, 2022, and June 30, 2022. Walden revenue was $485.4 million in fiscal year 2022, which includes the deferred revenue purchase accounting adjustment of $8.6 million. There was no comparable revenue in the prior year as Adtalem acquired Walden on August 12, 2021. Management believes that the decrease in total enrollment compared to the previous year may partially be driven by prolonged COVID-19 disruptions in the healthcare industry and the negative publicity surrounding the now concluded U.S. Department of Justice inquiry into potential false representations and false advertising to students. This inquiry ultimately concluded favorably, with no findings of misconduct by Walden. In addition, the uncertainty from potential students around the change in control and the Walden acquisition may have negatively affected enrollment. It is expected disruptions caused by COVID-19 may continue to effect enrollment for as long as the pandemic and its aftermath continue to stress healthcare professionals.

Tuition Rates:

On a per credit hour basis, tuition for Walden programs range from $123 per credit hour to $1,020 per credit hour, with the wide range due to the nature of the programs. General education courses are charged at $333 per credit hour. Other programs such as those with a subscription-based learning modality or those billed on a subscription period or term basis range from $1,500 to $6,970 per term. Students are charged a technology fee that ranges from $50 to $220 per term as well as a clinical fee of $150 per course for specific programs. Some programs require students to attend residencies, skills labs, and pre-practicum labs, which are charged at a range of $938 to $2,475 per event. These tuition rates, event charges, and fees do not include the cost of books or personal technology, supplies, transportation, or living expenses.

Medical and Veterinary Schools

Medical and Veterinary Schools Student Enrollment:

Semester	Fiscal Year 2022 Sept. 2021	Jan. 2022	May 2022
Total students	5,449	5,228	5,304
% change from prior year	(6.9)%	(1.2)%	3.5 %

Semester	Fiscal Year 2021 Sept. 2020	Jan. 2021	May 2021
Total students	5,850	5,292	5,126
% change from prior year	4.3 %	(6.2)%	(1.2)%

Medical and Veterinary revenue increased 0.3%, or $1.1 million, to $344.2 million in fiscal year 2022 compared to the prior year, driven by increased clinical revenue and housing revenue at RUSM, partially offset by lower enrollment.

In the September 2021 semester, total student enrollment increased at AUC but declined at RUSM and RUSVM. In the January 2022 and May 2022 semesters, total student enrollment increased at AUC and RUSM but declined at RUSVM. Previous declines in total student enrollment at RUSM were partially driven by the inability to offer clinical experiences to all students caused by an increase in students waiting to pass their USMLE Step 1 exam. If a student has not yet started in a clinical program, is not eligible to be enrolled in a clinical program, or not participating in other educational experiences, they are not included in the enrollment count for that semester. In the January 2022 and May 2022 semesters, this clinical backlog continued to decrease and is expected to be less of a negative factor in enrollment totals going forward. Management believes increased competition for students and hesitancy on participating in on campus instruction were drivers of lower total student enrollment in the basic science programs at RUSM and RUSVM. Management is executing its plan to differentiate the medical and veterinary schools from the competition, with a core goal of increasing international students, increasing affiliations with historically black colleges and universities (“HBCU”) and Hispanic-serving institutions (“HSI”), expanding AUC’s medical education program based in the U.K. in partnership with the University of Central Lancashire (“UCLAN”), and improving the effectiveness of marketing and enrollment investments.

Tuition Rates:

- Effective for semesters beginning in September 2021, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC’s medical program are $23,800 and $26,625, respectively, per semester. These tuition rates represent a 2.4% increase from the prior academic year.
- Effective for semesters beginning in September 2021, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM’s medical program are $24,750 and $27,310, respectively, per semester. These tuition rates represent a 2.4% increase from the prior academic year.
- For students who entered 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 $21,603 per semester effective September 2021. For students who entered RUSVM before September 2018, tuition rates for the pre-clinical and clinical curriculum are $20,066 and $25,190, respectively, per semester effective September 2021. All of these tuition rates represent a 3.5% increase from 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.

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, housing, bookstore, other educational materials, student education-related support activities, and the provision for bad debts. We have not yet experienced significant inflationary pressures on wages or other costs of delivering our educational services; however, should inflation persist in the overall economy, cost increases could affect our results of operations in the future. The following table presents cost of educational services by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2021 as reported	$ 252,422	$ —	$ 203,363	$ 2,120	$ 457,905
Cost increase (decrease)	2,346	—	(1,035)	(2,120)	(809)
Effect of acquisitions	—	202,680	—	—	202,680
Fiscal year 2022 as reported	$ 254,768	$ 202,680	$ 202,328	$ —	$ 659,776
Fiscal year 2022 % change:					
Cost increase (decrease)	0.9 %	NM	(0.5)%	NM	(0.2)%
Effect of acquisitions	—	NM	—	NM	44.3 %
Fiscal year 2022 % change as reported	0.9 %	NM	(0.5)%	NM	44.1 %

Cost of educational services increased 44.1%, or $201.9 million, to $659.8 million in fiscal year 2022 compared to the prior year. Excluding the effect of the Walden acquisition, cost of educational services decreased 0.2%, or $0.8 million, in fiscal year 2022 compared to the prior year. Decreased costs excluding Walden in fiscal year 2022 were primarily driven by cost reduction efforts across all institutions, partially offset by return to campus cost increases at Chamberlain.

As a percentage of revenue, cost of educational services was 47.6% in fiscal year 2022 compared to 50.5% in the prior year. The decrease in the percentage was primarily the result of the influence of Walden's higher gross margins. Walden's fully online operating model results in lower comparable cost of educational services.

Student Services and Administrative Expense

The student services and administrative expense category includes expenses related to student admissions, marketing and advertising, general and administrative, and amortization expense of finite-lived intangible assets related to business acquisitions. We have not yet experienced significant inflationary pressures on wages or other costs of providing services to our students and educational institutions; however, should inflation persist in the overall economy, cost increases could affect our results of operations in the future. The following table presents student services and administrative expense by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2021 as reported	$ 182,540	$ —	$ 71,874	$ 38,068	$ 292,482
Cost decrease	(7,024)	—	(4,438)	(1,976)	(13,438)
Effect of acquisitions excluding special items	—	185,543	—	—	185,543
Walden intangible amortization expense	—	97,274	—	—	97,274
CEO transition costs	—	—	—	6,195	6,195
Fiscal year 2022 as reported	$ 175,516	$ 282,817	$ 67,436	$ 42,287	$ 568,056
Fiscal year 2022 % change:					
Cost decrease	(3.8)%	NM	(6.2)%	NM	(4.6)%
Effect of acquisitions excluding special items	—	NM	—	NM	63.4 %
Effect of Walden intangible amortization expense	—	NM	—	NM	33.3 %
Effect of CEO transition costs	—	NM	—	NM	2.1 %
Fiscal year 2022 % change as reported	(3.8)%	NM	(6.2)%	NM	94.2 %

Student services and administrative expense increased 94.2%, or $275.6 million, to $568.1 million in fiscal year 2022 compared to the prior year. Excluding the effect of the Walden acquisition and CEO transition costs, student services and administrative expense decreased 4.6%, or $13.4 million, in fiscal year 2022 compared to the prior year. Decreased costs excluding Walden in fiscal year 2022 were primarily driven by cost reduction efforts across all institutions and home office.

As a percentage of revenue, student services and administrative expense was 41.0% in fiscal year 2022 compared to 32.3% in the prior year. The increase in the percentage was primarily the result of an increase in Chamberlain and Medical and Veterinary marketing expense, Walden intangible amortization expense, and CEO transition costs.

Restructuring Expense

Restructuring expense in fiscal year 2022 was $25.6 million compared to $6.9 million in the prior year. The increased restructure expense in fiscal year 2022 was primarily driven by workforce reductions and contract terminations related to synergy actions with regard to the Walden acquisition and Medical and Veterinary and Adtalem's home office real estate consolidations. See Note 6 "Restructuring Charges" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on restructuring charges.

We continue to incur restructuring charges or reversals related to exiting leased space from previous restructuring activities and have begun implementing additional restructuring plans to achieve synergies after the Walden acquisition. These restructuring costs are expected to continue into fiscal year 2023.

Business Acquisition and Integration Expense

Business acquisition and integration expense in fiscal year 2022 was $53.2 million compared to $31.6 million in the prior year. These are transaction costs associated with acquiring Walden and costs associated with integrating Walden into Adtalem. We expect to incur additional integration costs in fiscal year 2023.

Operating Income

The following table presents operating income by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2021 as reported	$ 128,851	$ —	$ 67,852	$ (78,651)	$ 118,052
Organic change	(1,599)	—	6,576	4,097	9,074
Effect of acquisitions excluding special items	—	105,732	—	—	105,732
Deferred revenue adjustment change	—	(8,561)	—	—	(8,561)
CEO transition costs change	—	—	—	(6,195)	(6,195)
Restructuring expense change	(2,838)	(4,053)	(9,791)	(2,077)	(18,759)
Business acquisition and integration expense change	—	—	—	(21,605)	(21,605)
Walden intangible amortization expense change	—	(97,274)	—	—	(97,274)
Fiscal year 2022 as reported	$ 124,414	$ (4,156)	$ 64,637	$ (104,431)	$ 80,464

The following table presents a reconciliation of operating income (GAAP) to operating income excluding special items (non-GAAP) by segment (in thousands):

	Year Ended June 30,			
			Increase/(Decrease)	
	2022	2021	$	%
Chamberlain:				
Operating income (GAAP)	$ 124,414	$ 128,851	$ (4,437)	(3.4)%
Restructuring expense	2,838	—	2,838	
Operating income excluding special items (non-GAAP)	$ 127,252	$ 128,851	$ (1,599)	(1.2)%
Walden:				
Operating loss (GAAP)	$ (4,156)	$ —	$ (4,156)	NM
Deferred revenue adjustment	8,561	—	8,561	
Restructuring expense	4,053	—	4,053	
Walden intangible amortization expense	97,274	—	97,274	
Operating income excluding special items (non-GAAP)	$ 105,732	$ —	$ 105,732	NM
Medical and Veterinary:				
Operating income (GAAP)	$ 64,637	$ 67,852	$ (3,215)	(4.7)%
Restructuring expense	9,791	—	9,791	
Operating income excluding special items (non-GAAP)	$ 74,428	$ 67,852	$ 6,576	9.7 %
Home Office and Other:				
Operating loss (GAAP)	$ (104,431)	$ (78,651)	$ (25,780)	(32.8)%
CEO transition costs	6,195	—	6,195	
Restructuring expense	8,946	6,869	2,077	
Business acquisition and integration expense	53,198	31,593	21,605	
Operating loss excluding special items (non-GAAP)	$ (36,092)	$ (40,189)	$ 4,097	10.2 %
Adtalem Global Education:				
Operating income (GAAP)	$ 80,464	$ 118,052	$ (37,588)	(31.8)%
Deferred revenue adjustment	8,561	—	8,561	
CEO transition costs	6,195	—	6,195	
Restructuring expense	25,628	6,869	18,759	
Business acquisition and integration expense	53,198	31,593	21,605	
Walden intangible amortization expense	97,274	—	97,274	
Operating income excluding special items (non-GAAP)	$ 271,320	$ 156,514	$ 114,806	73.4 %

Total consolidated operating income decreased 31.8%, or $37.6 million, to $80.5 million in fiscal year 2022 compared to the prior year. Excluding the effect of the Walden acquisition, total consolidated operating income decreased $33.4 million in fiscal year 2022 compared to the prior year. The primary drivers of the operating income decrease in fiscal year 2022 were decreased revenue at Chamberlain, increased costs at Chamberlain and Medical and Veterinary for return to campus, increased marketing expense at Chamberlain and Medical and Veterinary, CEO transition costs, increased restructuring costs, and increased business acquisition and integration costs.

Consolidated operating income excluding special items increased 73.4%, or $114.8 million, in fiscal year 2022 compared to the prior year. The primary driver of the operating income excluding special items increase was the addition of operating income excluding special items from Walden.

Chamberlain

Chamberlain operating income decreased 3.4%, or $4.4 million, to $124.4 million in fiscal year 2022 compared to the prior year. Segment operating income excluding special items decreased 1.2%, or $1.6 million, in fiscal year 2022 compared to the prior year. Cost reduction efforts and a decrease in employee benefit costs were offset with a decrease in revenue, increased costs for return to campus, and increased marketing expense.

Walden

Walden operating loss was $4.2 million in fiscal year 2022, which was impacted by intangible amortization expense and the deferred revenue purchase accounting adjustments. Segment operating income excluding special items was $105.7

million in fiscal year 2022. There was no comparable operating income in the prior year as Adtalem acquired Walden on August 12, 2021.

Medical and Veterinary

Medical and Veterinary operating income decreased 4.7%, or $3.2 million, to $64.6 million in fiscal year 2022 compared to the prior year. Segment operating income excluding special items increased 9.7%, or $6.6 million, in fiscal year 2022 compared to the prior year. The primary drivers of the increase in operating income excluding special items were cost reduction efforts and decreased employee benefit costs.

Net Other (Expense) Income

Net other expense in fiscal year 2022 was $125.5 million compared to $34.6 million in the prior year. The increase in net other expense was primarily the result of increased borrowings (as discussed in Note 13 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”) to finance the Walden acquisition and write-offs of debt discount and issuance costs as a result of debt prepayments.

Benefit from (Provision for) Income Taxes

Our effective income tax rate (“ETR”) from continuing operations can differ from the 21% U.S. federal statutory rate due to several factors, including the rate of tax applied by state and local jurisdictions, the rate of tax applied to earnings outside the U.S., tax incentives, changes in valuation allowances, liabilities for uncertain tax positions, and tax benefits on stock-based compensation awards. Additionally, our ETR is impacted by the provisions from the Tax Cuts and Jobs Act of 2017 (the “Tax Act”), which primarily includes a tax on global intangible low-taxed income (“GILTI”), and a limitation of tax benefits on certain executive compensation. The impact of the Tax Act may be revised in future periods as we obtain additional data and consider any new regulations or guidance that may be released.

Our income tax benefit from continuing operations was $15.2 million in fiscal year 2022 and our income tax expense from continuing operations was $13.1 million in fiscal year 2021. The fiscal year 2022 income tax benefit is the result of the loss incurred in fiscal year 2022. The effective tax rate includes a tax benefit of $1.7 million from a loss for certain uncollectible subsidiary receivables as well as a benefit of $1.2 million to adjust deferred state tax balances for the acquisition of Walden and the sale of ACAMS, Becker, and OCL, offset by $3.0 million for limitations on deductions for executive compensation.

Discontinued Operations

Beginning in the second quarter of fiscal year 2022, ACAMS, Becker, OCL, and EduPristine operations were classified as discontinued operations. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations.

Net income from discontinued operations for the year ended June 30, 2022 was $347.5 million. This income consisted of the following: (i) loss of $0.4 million driven by the operating results and divestiture costs related to ACAMS, Becker, OCL, and EduPristine, and ongoing litigation costs and settlements to the DeVry University divestiture; (ii) a gain on the sale of ACAMS, Becker, OCL, and EduPristine of $473.5 million; and (iii) a provision for income taxes of $125.6 million associated with the items listed above.

Net income from discontinued operations for the year ended June 30, 2021 was $6.1 million. This income consisted of the following: (i) income of $9.5 million driven by the operating results of ACAMS, Becker, OCL, and EduPristine and ongoing litigation costs and settlements related to the DeVry University divestiture and (ii) a provision for income taxes of $3.3 million associated with the items listed above.

Fiscal Year Ended June 30, 2021 vs. Fiscal Year Ended June 30, 2020

Revenue

The following table presents revenue by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2021			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2020 as reported	$ 511,655	$ —	$ 354,772	$ 866,427
Organic growth (decline)	52,159	—	(11,685)	40,474
Fiscal year 2021 as reported	$ 563,814	$ —	$ 343,087	$ 906,901
Fiscal year 2021 % change:				
Organic growth (decline)	10.2 %	N/A	(3.3)%	4.7 %

Chamberlain

Chamberlain Student Enrollment:

	Fiscal Year 2021					
Session	**July 2020**	**Sept. 2020**	**Nov. 2020**	**Jan. 2021**	**Mar. 2021**	**May 2021**
Total students	32,198	35,525	34,387	35,750	35,702	34,930
% change from prior year	12.2 %	11.9 %	10.2 %	5.6 %	5.8 %	4.6 %

	Fiscal Year 2020					
Session	**July 2019**	**Sept. 2019**	**Nov. 2019**	**Jan. 2020**	**Mar. 2020**	**May 2020**
Total students	28,691	31,736	31,215	33,850	33,748	33,407
% change from prior year	2.3 %	1.4 %	1.2 %	4.6 %	5.1 %	8.2 %

Chamberlain revenue increased 10.2%, or $52.2 million, to $563.8 million in fiscal year 2021 compared to fiscal year 2020, driven by increases in total student enrollment during each of the fiscal year 2021 enrollment sessions compared to the same session from fiscal year 2020 as well as select tuition and fee price increases. Chamberlain admitted its largest class of campus students in September 2020.

Tuition Rates (2021):

Tuition for the BSN onsite and online degree program ranged from $675 to $730 per credit hour. Tuition for the RN-to-BSN online degree program was $590 per credit hour. Tuition for the online MSN degree program was $650 per credit hour. Tuition for the online FNP degree program was $665 per credit hour. Tuition for the online DNP degree program was $775 per credit hour. Tuition for the online MPH degree program was $550 per credit hour. Tuition for the online MSW degree program was $695 per credit hour. These tuition rates do not include the cost of course fees, books, supplies, transportation, clinical fees, living expenses, or other fees as listed in the Chamberlain academic catalog.

Medical and Veterinary Schools

Medical and Veterinary Schools Student Enrollment:

	Fiscal Year 2021		
Semester	**Sept. 2020**	**Jan. 2021**	**May 2021**
Total students	5,850	5,292	5,126
% change from prior year	4.3 %	(6.2)%	(1.2)%
	Fiscal Year 2020		
Semester	**Sept. 2019**	**Jan. 2020**	**May 2020**
Total students	5,608	5,643	5,186
% change from prior year	(4.7)%	1.7 %	(0.7)%

Medical and Veterinary revenue decreased 3.3%, or $11.7 million, to $343.1 million in fiscal year 2021 compared to fiscal year 2020. The principal drivers of the decrease were an estimated loss of approximately $13 million in fiscal year 2021 in housing and student transportation revenue (compared to $4 million in fiscal year 2020), primarily at RUSM as basic science students were not on campus for the full year due to COVID-19 remote learning. COVID-19 related clinical revenue losses at AUC and RUSM were approximately $21 million in fiscal year 2021 (compared to $13 million in fiscal year 2020) driven by limitations at partner hospitals, which although not as severe as earlier in the pandemic, were reinstituted when COVID-19 cases surged across the U.S. during the winter in fiscal year 2021. These decreases were partially offset with student enrollment increases in the basic science programs at AUC and RUSVM.

In the September 2020 semester, total student enrollment increased at AUC, RUSM, and RUSVM. In the January 2021 and May 2021 semesters, total student enrollment increased at AUC and RUSVM but declined at RUSM. The declines in total student enrollment at RUSM for the January 2021 and May 2021 semesters were partially driven by the inability to offer clinical experiences to all students caused by the COVID-19 restrictions at partner hospitals and partially driven by an increase in students waiting to pass their USMLE Step 1 exam. In previous semesters during the COVID-19 pandemic, students were able to supplement their clinical experience with elective online courses; however, these electives are limited and most were completed. If a student has not yet started in a clinical program, is not eligible to be enrolled in a clinical program, or not participating in other educational experiences, they are not included in the enrollment count for that semester.

Tuition Rates (2021):

- Effective for semesters beginning in September 2020, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC's medical program were $23,240 and $26,000, respectively, per semester. These tuition rates were unchanged from the prior academic year.

- Effective for semesters beginning in September 2020, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM's medical program were $24,170 and $26,676, respectively, per semester. These tuition rates were unchanged from the prior academic year.

- For students who entered 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 $20,873 per semester effective September 2020. For students who entered RUSVM before September 2018, tuition rates for the pre-clinical and clinical curriculum were $19,387 and $24,339, respectively, per semester effective September 2020. All of these tuition rates were unchanged from 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.

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, housing, bookstore, other educational materials, student education-related support activities, and the provision for bad debts. The following table presents cost of educational services by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2021				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2020 as reported	$ 238,912	$ —	$ 216,211	$ 2,042	$ 457,165
Cost increase (reduction)	13,510	—	(12,848)	78	740
Fiscal year 2021 as reported	$ 252,422	$ —	$ 203,363	$ 2,120	$ 457,905
Fiscal year 2021 % change:					
Cost increase (reduction)	5.7 %	N/A	(5.9)%	NM	0.2 %

Cost of educational services increased 0.2%, or $0.7 million, to $457.9 million in fiscal year 2021 compared to fiscal year 2020. Cost increased in fiscal year 2021 primarily driven by increased costs at Chamberlain and the basic science programs at the medical and veterinary schools to support growth. This increase was partially offset by decreased bad debt expense of $3.4 million primarily related to the credit extension programs at the medical and veterinary schools, cost control initiatives across all institutions, and lower costs of approximately $10 million in fiscal year 2021 (compared to $3 million in fiscal year 2020) associated with campus closure, reduced clinical rotations, and lower services, including housing services.

As a percentage of revenue, cost of educational services was 50.5% in fiscal year 2021 compared to 52.8% in fiscal year 2020. The decrease in the percentage was primarily the result of the decreased bad debt expense related to the credit extension programs at the medical and veterinary schools.

Student Services and Administrative Expense

The student services and administrative expense category includes expenses related to student admissions, marketing and advertising, and general and administrative. The following table presents student services and administrative expense by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2021				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2020 as reported	$ 173,090	$ —	$ 70,470	$ 36,731	$ 280,291
Cost increase	9,450	—	1,404	1,337	12,191
Fiscal year 2021 as reported	$ 182,540	$ —	$ 71,874	$ 38,068	$ 292,482
Fiscal year 2021 % change:					
Cost increase	5.5 %	N/A	2.0 %	NM	4.3 %

Student services and administrative expense increased 4.3%, or $12.2 million, to $292.5 million in fiscal year 2021 compared to fiscal year 2020, primarily driven by increased marketing expense and employee benefit costs, partially offset by cost control initiatives across all institutions.

As a percentage of revenue, student services and administrative expense was 32.3% in fiscal year 2021 compared to 32.4% in fiscal year 2020.

Restructuring Expense

Restructuring expense in fiscal year 2021 was $6.9 million compared to $23.7 million in fiscal year 2020. The primary driver of the decreased restructuring expense in fiscal year 2021 was the result of the higher amount of charges in fiscal year 2020 related to Adtalem's home office real estate consolidations. See Note 6 "Restructuring Charges" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on restructuring charges.

Business Acquisition and Integration Expense

Business acquisition and integration expense in fiscal year 2021 was $31.6 million. These are transaction costs associated with acquiring Walden and costs associated with integrating Walden into Adtalem. There was no corresponding expense in fiscal year 2020.

Gain on Sale of Assets

On September 27, 2019, Adtalem closed on the sale of its Columbus, Ohio, campus facility. Net proceeds of $6.4 million from the sale of this facility resulted in a gain on the sale of $4.8 million in fiscal year 2020. This gain was recorded at Adtalem's home office, which is classified as "Home Office and Other" in Note 21 "Segment Information" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data." There was no corresponding gain in fiscal year 2021.

Operating Income

The following table presents operating income by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2021				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2020 as reported	$ 99,361	$ —	$ 66,676	$ (55,970)	$ 110,067
Organic change	29,199	—	(240)	(1,416)	27,543
Restructuring expense change	291	—	1,416	15,107	16,814
Business acquisition and integration expense change	—	—	—	(31,593)	(31,593)
Gain on sale of assets change	—	—	—	(4,779)	(4,779)
Fiscal year 2021 as reported	$ 128,851	$ —	$ 67,852	$ (78,651)	$ 118,052

The following table presents a reconciliation of operating income (GAAP) to operating income excluding special items (non-GAAP) by segment (in thousands):

	Year Ended June 30,			
			Increase/(Decrease)	
	2021	2020	$	%
Chamberlain:				
Operating income (GAAP)	$ 128,851	$ 99,361	$ 29,490	29.7 %
Restructuring expense	—	291	(291)	
Operating income excluding special items (non-GAAP)	$ 128,851	$ 99,652	$ 29,199	29.3 %
Medical and Veterinary:				
Operating income (GAAP)	$ 67,852	$ 66,676	$ 1,176	1.8 %
Restructuring expense	—	1,416	(1,416)	
Operating income excluding special items (non-GAAP)	$ 67,852	$ 68,092	$ (240)	(0.4)%
Home Office and Other:				
Operating loss (GAAP)	$ (78,651)	$ (55,970)	$ (22,681)	(40.5)%
Restructuring expense	6,869	21,976	(15,107)	
Business acquisition and integration expense	31,593	—	31,593	
Gain on sale of assets	—	(4,779)	4,779	
Operating loss excluding special items (non-GAAP)	$ (40,189)	$ (38,773)	$ (1,416)	(3.7)%
Adtalem Global Education:				
Operating income (GAAP)	$ 118,052	$ 110,067	$ 7,985	7.3 %
Restructuring expense	6,869	23,683	(16,814)	
Business acquisition and integration expense	31,593	—	31,593	
Gain on sale of assets	—	(4,779)	4,779	
Operating income excluding special items (non-GAAP)	$ 156,514	$ 128,971	$ 27,543	21.4 %

Total consolidated operating income increased 7.3%, or $8.0 million, to $118.1 million in fiscal year 2021 compared to fiscal year 2020. Consolidated operating income excluding special items increased 21.4%, or $27.5 million, in fiscal year 2021 compared to fiscal year 2020. The primary drivers of the operating income excluding special items increase were increased revenue of $52.2 million at Chamberlain, which generated higher incremental operating income than the lost revenue sources at the medical and veterinary schools due to COVID-19, decreased bad debt expense of $3.4 million, primarily related to the credit extension programs at the medical and veterinary schools, and efforts to manage salary, travel, and discretionary spending across the organization. The positive influences on operating income were partially offset by increased marketing expense and employee benefit costs.

Chamberlain

Chamberlain operating income increased 29.7%, or $29.5 million, to $128.9 million in fiscal year 2021 compared to fiscal year 2020. The primary driver of the increase in operating income was the increased revenue of $52.2 million in fiscal year 2021, which generated higher incremental operating income, partially offset by increased marketing expense and employee benefit costs.

Medical and Veterinary

Medical and Veterinary operating income increased 1.8%, or $1.2 million, to $67.9 million in fiscal year 2021 compared to fiscal year 2020. The primary drivers of increase in operating income were decreased bad debt expense, primarily related to the credit extension programs, decreased restructuring expense, and efforts to manage salary, travel, and discretionary spending. The positive influences on operating income in fiscal year 2021 were partially offset by the estimated COVID-19 related loss of clinical revenue at AUC and RUSM contributed to approximately $14 million in lost operating income in fiscal year 2021 (compared to $10 million in fiscal year 2020) and lower COVID-19 related housing and student transportation revenue, primarily at RUSM as described above, resulted in approximately $10 million in lost operating income in the fiscal year 2021 (compared to $2 million in fiscal year 2020).

Net Other (Expense) Income

Net other expense in fiscal year 2021 was $34.6 million compared to net other income of $94.9 million in fiscal year 2020. The increase in net other expense was primarily the result of a pre-tax gain of $110.7 million in fiscal year 2020 on the deal-contingent foreign currency hedge arrangement entered into on October 18, 2019 in connection with the sale of Adtalem Brazil, which was completed on April 24, 2020, to economically hedge the Brazilian Real denominated purchase price through mitigation of the currency exchange rate risk (as discussed in Note 4 "Discontinued Operations and Assets Held for Sale" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data"). The derivative associated with the hedge did not qualify for hedge accounting treatment under Accounting Standards Codification ("ASC") 815, and as a result, all changes in fair value were recorded within the Consolidated Statements of Income (Loss). In addition, interest expense increased in fiscal year 2021 driven by $26.7 million in pre-acquisition interest expense, which partially offset our lower interest expense on our Prior Credit Facility (as defined in Note 13 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data") driven by the repayment of debt in the fourth quarter of fiscal year 2020 using the proceeds from the sale of Adtalem Brazil.

(Provision for) Benefit from Income Taxes

The ETR from continuing operations in fiscal year 2021 was positive 15.7% compared to negative 7.3% in fiscal year 2020. The increase is primarily due to not recording a tax provision on the pre-tax gain of $110.7 million in fiscal year 2020 on the deal-contingent foreign currency hedge arrangement entered into in connection with the sale of Adtalem Brazil completed on April 24, 2020 (see Note 4 "Discontinued Operations and Assets Held for Sale" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information). Also, during fiscal year 2020, a net tax benefit special item of $25.7 million was recorded related to a former subsidiary investment loss claimed for the tax year ended June 30, 2018. Excluding the one-time effects of the derivative contract and the tax benefit on a former subsidiary investment loss in fiscal year 2020 (a non-GAAP financial measure), the ETR from continuing operations in fiscal year 2021 and 2020 was 15.7% and 11.4%, respectively. This increase in the fiscal year 2021 rate was driven by a decrease in the percentage of earnings from foreign operations compared to the prior year.

Discontinued Operations

Beginning in the second quarter of fiscal year 2022, ACAMS, Becker, OCL, and EduPristine operations were classified as discontinued operations. Beginning in the first quarter of fiscal year 2020, Adtalem Brazil operations were classified as discontinued operations. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations.

Net income from discontinued operations for the year ended June 30, 2021 was $6.1 million. This income consisted of the following: (i) income of $9.5 million driven by the operating results of ACAMS, Becker, OCL, and EduPristine and ongoing litigation costs and settlements related to the DeVry University divestiture and (ii) a provision for income taxes of $3.3 million associated with the items listed above.

Net loss from discontinued operations for the year ended June 30, 2020 was $305.7 million. This loss consisted of the following: (i) a loss of $30.4 million driven by the operating results of ACAMS, Becker, OCL, EduPristine, and Adtalem Brazil and ongoing litigation costs and settlements related to the DeVry University divestiture; (ii) a loss on the sale of Adtalem Brazil of $287.6 million, which included a $293.4 million loss recognized from the reclassification of the cumulative foreign currency translation adjustments from other comprehensive income; and (iii) a benefit from income taxes of $12.2 million associated with the items listed above.

Regulatory Environment

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, scholarships, and student and family financial resources. Adtalem continues to provide financing options for its students, including Adtalem's credit extension programs.

The following table, which excludes ACAMS, Adtalem Brazil, Becker, EduPristine, and OCL revenue, summarizes Adtalem's revenue by fund source as a percentage of total revenue for fiscal years 2021 and 2020. Final data for fiscal year 2022 is not yet available.

	Fiscal Year	
	2021	2020
Federal assistance (Title IV) program funding (grants and loans)	72 %	71 %
State grants	1 %	1 %
Private loans	2 %	2 %
Student accounts, cash payments, private scholarships, employer and military provided tuition assistance, and other	25 %	26 %
Total	100 %	100 %

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 institution's term.

Financial Aid

Like other higher education companies, 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" 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. 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.

Chamberlain was most recently recertified and issued an unrestricted PPA in September 2020, with an expiration date of March 31, 2024. Walden was issued a Temporary Provisional PPA ("TPPPA") in connection with their acquisition by Adtalem on September 17, 2021. During the fourth quarter of fiscal year 2020 and the first quarter of fiscal year 2021, ED provisionally recertified AUC, RUSM, and RUSVM's Title IV PPAs with expiration dates of December 31, 2022, March 31, 2023, and June 30, 2023, respectively. The provisional nature of the agreements for AUC, RUSM, and RUSVM stemmed from increased and/or repeated Title IV compliance audit findings. Walden's TPPPA included financial requirements, which were in place prior to acquisition, such as a letter of credit, heightened cash monitoring, and additional reporting. No similar requirements were imposed on AUC, RUSM, or RUSVM. While corrective actions have been taken to resolve past compliance matters and eliminate the incidence of repetition, if AUC, RUSM, or RUSVM fail to maintain administrative capability as defined by ED while under provisional status or otherwise fail to comply with ED requirements, the institution(s) could lose eligibility to participate in Title IV programs or have that eligibility adversely conditioned, which could have a material adverse effect on the businesses, financial condition, results of operations, and cash flows.

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 was subject to provisional certification for five years and that DeVry University was 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 continued to be posted by Adtalem following the closing of the sale of DeVry University. This letter of credit expired during the second quarter of fiscal year 2022 and is no longer outstanding as of June 30, 2022.

Walden must apply periodically to ED for continued certification to participate in Title IV programs. Such recertification generally is required every six years, but may be required earlier, including when an institution undergoes a change in control. ED may place an institution on provisional certification status if it finds that the institution does not fully satisfy all of the eligibility and certification standards and in certain other circumstances, such as when an institution is certified for the first time or undergoes a change in control. During the period of provisional certification, the institution must comply with any additional conditions included in the institution’s program participation agreement. In addition, ED may more closely review an institution that is provisionally certified if it applies for recertification or approval to open a new location, add an educational program, acquire another institution or make any other significant change. Students attending provisionally certified institutions remain eligible to receive Title IV program funds. If ED determines that a provisionally certified institution is unable to meet its responsibilities under its program participation agreement, it may seek to revoke the institution’s certification to participate in Title IV programs without advance notice or opportunity for the institution to challenge the action. Walden is currently on a temporary provisional program participation agreement which is required for participation in Title IV programs on a month-to-month basis. Walden’s provisional certification prior to acquisition was due to Walden’s prior parent company (Laureate Education Inc.) failing composite score under ED’s financial responsibility standards and ED’s approval of Laureate’s initial public offering in February 2017, which it viewed as a change in control. As a result of Adtalem’s acquisition of Walden, the provisional nature of Walden’s program participation agreement remains in effect on a month-to-month basis while ED reviews the change in ownership application relating to the acquisition of Walden by Adtalem. Walden also is subject to a letter of credit and is subject to additional cash management requirements with respect to its disbursements of Title IV funds, as well as a restriction on changes to its educational programs, including a prohibition on the addition of new programs or locations that had not been approved by ED prior to the change in ownership during the period in which Walden participates under provisional certification (either as a result of the change in ownership or because of the continuation of the financial responsibility letter of credit). As of June 30, 2022, Adtalem maintains a letter of credit for $84.0 million in favor of ED, which allows Walden to participate in Title IV programs. This letter of credit, which was assumed in the Acquisition, reduces Adtalem’s borrowing capacity dollar-for-dollar under its Credit Facility (as defined in Note 13 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”). On July 14, 2022, the $84.0 million letter of credit under our Credit Facility was released due to Adtalem executing a surety-backed letter of credit for the same amount in favor of ED. Therefore, the amount undrawn under the Revolver (as defined in Note 13 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”) was $400.0 million as of the filing date of this Annual Report on Form10-K.

An ED regulation known as the “90/10 Rule” affects only proprietary postsecondary institutions, such as Chamberlain, Walden, 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 Rescue Act enacted on March 11, 2021 amended the 90/10 rule to require that a proprietary institution derive no more than 90% of its revenue from federal education assistance funds, including but not limited to previously excluded U.S. Department of Veterans Affairs and military tuition assistance benefits. This change was subject to negotiated rulemaking, which ended in March 2022. The amended rule will first apply to institutional fiscal years beginning on or after January 1, 2023. The following table details the percentage of revenue on a cash basis from federal financial assistance programs as calculated under the current regulations (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 2021 and 2020. Final data for fiscal year 2022 is not yet available.

	Fiscal Year	
	2021	2020
Chamberlain University	66 %	62 %
American University of the Caribbean School of Medicine	80 %	81 %
Ross University School of Medicine	85 %	85 %
Ross University School of Veterinary Medicine	82 %	84 %

Fiscal year data for Walden is not available as they previously reported on a calendar year basis. As reported by Laureate Education, Inc. in their February 2021 Annual Report on Form 10-K, Walden derived approximately 76% of its revenues (calculated on a cash basis) from Title IV program funds for the year ended December 31, 2020.

In September 2016, Adtalem committed to voluntarily limit to 85% the amount of revenue that each of its 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 reports that have been made publicly available, Adtalem's institutions that were owned at each reporting date have met this lower threshold for each fiscal year since the commitment was made. 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.

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 institutions 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, an institution 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 institution 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. Changes to the manner in which the composite score is calculated that were effective on July 1, 2020 has negatively affected Adtalem's composite score for fiscal year 2022 and will continue to negatively affect future Adtalem scores. At this time, management does not believe these changes by themselves will result in the score falling below 1.5. However, as a result of the acquisition of Walden and the related transactions, Adtalem expects its consolidated composite score to fall below 1.5 for its fiscal year 2022 financial responsibility test. If Adtalem becomes unable to meet requisite financial responsibility standards within the regulations, management believes it will be able to otherwise demonstrate its ability to continue to provide educational services; however, our institutions will be required to request additional state regulatory approvals, heightened cash monitoring, and/or be required to post a letter of credit to continue to participate in federal and state financial assistance programs.

ED has initiated rulemaking proceedings to amend the financial responsibility regulations. The earliest we believe any new rules will be effective is July 1, 2024.

Liquidity and Capital Resources

Adtalem's consolidated cash and cash equivalents balance of $347.0 million and $476.4 million as of June 30, 2022 and 2021, respectively, included cash and cash equivalents held at Adtalem's international operations of $34.2 million and $111.7 million as of June 30, 2022 and 2021, respectively, which is available to Adtalem for general corporate purposes. The decrease in cash was principally driven by payment of $1,488.1 million for the acquisition of Walden, net repayments of debt of $229.7 million, and payment of $150.0 million for the ASR agreement, partially offset by proceeds of $960.8 million from the sale of Financial Services and cash transferred of $818.6 million from restricted accounts.

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 $0.4 million was held in these restricted bank accounts as of June 30, 2022 and 2021, respectively. In addition, $818.6 million was recorded within restricted cash on the Consolidated Balance Sheets as of June 30, 2021, which represents cash held in an escrow account designated to fund the Acquisition and was not available to Adtalem for general corporate purposes (see Note 13 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information).

Cash Flow Summary

Operating Activities

The following table provides a summary of cash flows from operating activities (in thousands):

	Year Ended June 30,	
	2022	2021
(Loss) income from continuing operations	$ (29,827)	$ 70,330
Non-cash items	279,887	110,253
Changes in assets and liabilities	(86,235)	(11,823)
Net cash provided by operating activities-continuing operations	$ 163,825	$ 168,760

Net cash provided by operating activities from continuing operations in fiscal year 2022 was $163.8 million compared to $168.8 million in the prior year. The decrease was driven by increased interest payments and payments for business acquisition and integration expenses related to the Walden acquisition, partially offset by additional cash flow from Walden operations. The increase of $169.6 million in non-cash items between fiscal year 2022 and 2021 was principally driven by increases in Walden intangible asset amortization, Walden depreciation, Walden bad debt expense, amortization and write-off of debt discount and issuance costs, and stock-based compensation expense related to the CEO transition. The decrease of $74.4 million in cash generated from changes in assets and liabilities was primarily due to timing differences in accounts receivable, prepaid assets, prepaid income taxes, accounts payable, accrued payroll and benefits, accrued liabilities, accrued interest, and deferred revenue.

Investing Activities

Capital expenditures in fiscal year 2022 were $31.1 million compared to $39.9 million in the prior year. The capital expenditures in fiscal year 2022 primarily consisted of spending for Chamberlain's new campus development and improvements. Capital spending for fiscal year 2023 will support continued investment for new campus development at Chamberlain, maintenance at the medical and veterinary schools, and Adtalem's home office. Management anticipates fiscal year 2023 capital spending to be in the $60 to $70 million range. The source of funds for this capital spending will be from operations or the Credit Facility (as defined and discussed in Note 13 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data").

On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group ("Purchaser"), pursuant to the Equity Purchase Agreement ("Purchase Agreement") dated January 24, 2022. Adtalem received $962.7 million, net of cash of $21.5 million, in sale proceeds.

On June 17, 2022, Adtalem completed the sale of EduPristine for de minimis consideration, which resulted in a transfer of $1.9 million in cash to EduPristine.

On August 12, 2021, Adtalem completed the acquisition of 100% of the equity interest of Walden for $1,488.1 million, net of cash and restricted cash of $83.4 million.

On April 24, 2020, Adtalem completed the sale of Adtalem Brazil to Estácio Participações S.A. (“Estácio”) and Sociedade de Ensino Superior Estaćio de Sá Ltda, a wholly owned subsidiary of Estácio, pursuant to the Stock Purchase Agreement dated October 18, 2019. Adtalem received $345.9 million in sale proceeds and $56.0 million of Adtalem Brazil’s cash, for a combined $401.9 million upon the sale. Adtalem Brazil’s cash balance on the sale date was $88.4 million, resulting in $313.5 million of cash proceeds, net of this cash transferred. In addition, Adtalem received $110.7 million from the settlement of the deal-contingent foreign currency hedge arrangement to economically hedge the Brazilian Real denominated purchase price through mitigation of the currency exchange rate risk.

On September 27, 2019, Adtalem closed on the sale of its Columbus, Ohio, campus facility. Net proceeds of $6.4 million from the sale of this facility resulted in a gain on the sale of $4.8 million in fiscal year 2020. This gain was recorded at Adtalem’s home office, which is classified as “Home Office and Other” in Note 21 “Segment Information” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data.”

Financing Activities

The following table provides a summary of cash flows from financing activities (in thousands):

	Year Ended June 30,	
	2022	2021
Repurchases of common stock for treasury	$ (120,000)	$ (100,000)
Payment for purchase of equity forward contract	(30,000)	—
Net (repayments) proceeds from long-term debt	(229,713)	797,000
Payment of debt discount and issuance costs	(49,553)	(18,047)
Payment for purchase of redeemable noncontrolling interest of subsidiary	(1,790)	—
Other	6,580	(2,487)
Net cash (used in) provided by financing activities	$ (424,476)	$ 676,466

On November 8, 2018, we announced that the Board authorized Adtalem’s eleventh share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The eleventh share repurchase program commenced in January 2019 and was completed in January 2021. On February 4, 2020, we announced that the Board authorized Adtalem’s twelfth share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem’s thirteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of its common stock through February 25, 2025. We did not make any share repurchases under these programs during fiscal year 2022. See Note 15 “Share Repurchases” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for additional information on our share repurchase programs.

On March 14, 2022, we entered into an ASR agreement to repurchase $150.0 million of common stock. We received an initial delivery of 4,709,576 shares of common stock representing approximately 80% of the total shares expected to be delivered at the time of executing the ASR based on the per share price on the day prior to the execution date. The final number of shares to be repurchased will be based on the average of the daily volume-weighted average price of Adtalem’s common stock during the term of the ASR agreement, less a discount and subject to adjustments pursuant to the terms of the ASR agreement. The final settlement of the ASR agreement is expected to be completed no later than during the second quarter of fiscal year 2023 in accordance with the contractual completion date. At settlement, our counterparty may be required to deliver additional shares of common stock to us, or, under certain circumstances, we may be required to deliver shares of our common stock or may elect to make a cash payment to our counterparty.

On March 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement (the “Swap”) with a multinational financial institution to mitigate risks associated with the variable interest rate on our Prior Term Loan B (as defined in Note 13 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”) debt. We paid interest at a fixed rate of 0.946% and received variable interest of one-month LIBOR (subject to a minimum of 0.00%), on a notional amount equal to the amount outstanding under the Prior Term Loan B. The effective date of the Swap was March 31, 2020 and settlements with the counterparty occurred on a monthly basis. The Swap was set to terminate on February 28, 2025. On July 29, 2021, prior to refinancing our Prior Credit Agreement (as discussed below), we settled and terminated the Swap for $4.5 million, which resulted in a charge to interest expense for this amount in fiscal year 2022. During the operating term of the Swap, the annual interest rate on the amount of the Prior Term Loan B was fixed at 3.946% (including the impact of the 3% interest rate margin on LIBOR loans) for the applicable interest rate period. The Swap was designated as a cash flow hedge and as such, changes in its fair value were recognized in accumulated other comprehensive loss on the Consolidated Balance Sheets and were reclassified into the Consolidated Statements of Income (Loss) within interest expense in the periods in which the hedged transactions affected earnings.

As discussed in the previous section of this MD&A titled "Walden University Acquisition," on August 12, 2021, Adtalem acquired all of the issued and outstanding equity interest in Walden, in exchange for a purchase price of $1.5 billion in cash. On March 1, 2021, we issued $800.0 million aggregate principal amount of 5.50% Senior Secured Notes due 2028 (the "Notes"), which mature on March 1, 2028. On August 12, 2021, Adtalem replaced the Prior Credit Facility and Prior Credit Agreement (as defined in Note 13 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data") by entering into its new credit agreement (the "Credit Agreement") that provides for (1) a $850.0 million senior secured term loan ("Term Loan B") with a maturity date of August 12, 2028 and (2) a $400.0 million senior secured revolving loan facility ("Revolver") with a maturity date of August 12, 2026. We refer to the Term Loan B and Revolver collectively as the "Credit Facility." The proceeds of the Notes and the Term Loan B were used, among other things, to finance the Acquisition, refinance Adtalem's Prior Credit Agreement, and pay fees and expenses related to the Acquisition. The Revolver will be used to finance ongoing working capital and for general corporate purposes. During fiscal year 2022, we made a prepayment of $396.7 million on the Term Loan B. With this prepayment, we are no longer required to make quarterly installment payments. On April 11, 2022, we repaid $373.3 million of Notes at a price equal to 100% of the principal amount of the Notes. During June 2022, we repurchased on the open market an additional $20.8 million of Notes at a price equal to approximately 90% of the principal amount of the Notes, resulting in a gain on extinguishment of $2.1 million recorded within interest expense in the Consolidated Statements of Income (Loss) for the year ended June 30, 2022. This debt was subsequently retired. As of June 30, 2022, the amount of debt outstanding under the Notes and Credit Facility was $859.2 million. See Note 13 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on the Notes and our Credit Agreement.

Management currently projects that COVID-19 will continue to have an effect on operations and, as a result, liquidity, as discussed in the previous section of this MD&A titled "Overview of the Impact of COVID-19"; however, we believe the current balances of cash, cash generated from operations, and our Credit Facility will be sufficient to fund both Adtalem's current domestic and international operations and growth plans for the foreseeable future.

Material Cash Requirements

Long-Term Debt – We have outstanding $405.9 million of Notes and maintain an $853.3 million Credit Facility, which requires interest payments. With the prepayment noted above, we are no longer required to make quarterly principal installment payments. As of June 30, 2022, the amount of debt outstanding under the Notes and our Credit Facility was $859.2 million. See Note 13 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our Notes and Credit Agreement.

Operating Lease Obligations – We have operating lease obligations for the minimum payments required under various lease agreements which are recorded on the Consolidated Balance Sheets. In addition, we sublease certain space to third parties, which partially offsets the lease obligations at these facilities. See Note 11 "Leases" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our lease agreements.

Contingencies

For a discussion of legal proceedings, see Note 20 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Critical Accounting Estimates

We describe our significant accounting policies in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data." 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 the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Critical accounting estimates discussed below are those that we believe involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. Management has discussed our critical accounting estimates with the Audit and Finance Committee of the Board. Although management believes its assumptions and estimates are reasonable, actual results could differ from those estimates.

Although our current estimates contemplate current conditions, including the impact of COVID-19, and how we anticipate them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations and financial condition. On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide. COVID-19 and the response of governmental and public health organizations in dealing with the pandemic included restricting general activity levels within communities, the economy, and operations of our customers. While we have experienced an impact to our business, operations, and financial results as a result of the COVID-19 pandemic, it may have even more far-reaching impacts on many aspects of our operations including the impact on customer behaviors, business operations, our employees, and the market in general. The extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations, cash flows, and liquidity may differ from management's current estimates due to inherent uncertainties regarding the duration and further spread of COVID-19, actions taken to contain the virus, the efficacy and distribution of the vaccines, as well as, how quickly and to what extent normal economic and operating conditions can resume.

Credit Losses

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in our accounts receivable balances as of each balance sheet date. In evaluating the collectability of all our accounts receivable balances, we utilize historical events, current conditions, and reasonable and supportable forecasts about the future. The estimate of our credit losses involves a significant level of uncertainty as it requires significant judgment to estimate the amount we will collect in the future on our account receivable balances. See Note 9 "Accounts Receivable and Credit Losses" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our credit losses.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. 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.

Goodwill and Intangible Assets

Goodwill and indefinite-lived intangibles are not amortized, but are tested for impairment annually and when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. Our annual testing date is May 31.

Adtalem first assesses goodwill for impairment qualitatively for each reporting unit that contains goodwill. 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 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. 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 of the excess, 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 each reporting unit 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 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. If the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to that excess.

For intangible assets with finite lives, we evaluate for potential impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. Intangible assets with finite lives are amortized over their expected economic lives, ranging from 3 to 5 years.

All intangible assets and certain goodwill are being amortized for tax reporting purposes over statutory lives.

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 future impairments of goodwill or intangible assets. See Note 12 "Goodwill and Intangible Assets" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our goodwill and intangible assets impairment analysis.

Significant judgments were used in determining the fair value of the intangible assets acquired from the Walden acquisition. The Title IV eligibility and accreditations intangible asset was valued using the with and without method of the income approach. The student relationships intangible asset was valued using the multi-period excess earnings method. The trade name intangible asset was valued using the relief-from-royalty method. The curriculum intangible asset was valued using the cost to replace method. Significant judgments and assumptions were used in these valuations. We applied judgment which involved the use of significant assumptions with respect to (i) the discount rate and recovery period for the Title IV eligibility and accreditations intangible asset; (ii) the discount rate and EBITDA margin for the student relationships intangible asset; (iii) royalty rate and discount rate for the trade name intangible asset; and (iv) labor rates and hours and obsolescence rate for the curriculum intangible asset.

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.

Contingencies

Adtalem is subject to contingencies, such as various claims and legal actions that arise in the normal conduct of its business. We record an accrual for those matters where management believes a loss is probable and can be reasonably estimated. For those matters for which we have not recorded an accrual, their possible impact on Adtalem's business, financial condition, or results of operations, cannot be predicted at this time. A significant amount of judgment and the use of estimates are required to quantify our ultimate exposure in these matters. The valuation of liabilities for these contingencies is reviewed on a quarterly basis to ensure that we have accrued the proper level of expense. While we believe that the amount accrued to-date is adequate, future changes in circumstances could impact these determinations. See Note 20 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our loss contingencies.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 2 "Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Non-GAAP Financial Measures and Reconciliations

We believe that certain non-GAAP financial measures provide investors with useful supplemental information regarding the underlying business trends and performance of Adtalem's ongoing operations as seen through the eyes of management and are useful for period-over-period comparisons. We use these supplemental non-GAAP financial measures internally in our assessment of performance and budgeting process. However, these non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. The following are non-GAAP financial measures used in this Annual Report on Form 10-K:

Net income from continuing operations excluding special items (most comparable GAAP measure: net income (loss) attributable to Adtalem) – Measure of Adtalem's net income (loss) attributable to Adtalem adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, Walden intangible amortization expense, pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, gain on sale of assets, gain on derivative, tax charges related to the implementation of the Tax Act and the divestiture of DeVry University, a net tax benefit for a former subsidiary investment loss, and net (income) loss from discontinued operations attributable to Adtalem.

Earnings per share from continuing operations excluding special items (most comparable GAAP measure: earnings (loss) per share) – Measure of Adtalem's diluted earnings (loss) per share adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, Walden intangible amortization expense, pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, gain on sale of assets, gain on derivative, tax charges related to the implementation of the Tax Act and the divestiture of DeVry University, a net tax benefit for a former subsidiary investment loss, and net (income) loss from discontinued operations attributable to Adtalem.

Operating income excluding special items (most comparable GAAP measure: operating income) – Measure of Adtalem's operating income adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, Walden intangible amortization expense, and gain on sale of assets. This measure is applied on a consolidated and segment basis, depending on the context of the discussion.

Effective income tax rate from continuing operations excluding special items (most comparable GAAP measure: effective income tax rate from continuing operations) – Measure of Adtalem's effective tax rate from continuing operations adjusted for tax effect on gain on derivative and a net tax benefit for a former subsidiary investment loss.

A description of special items in our non-GAAP financial measures described above are as follows:

- Deferred revenue adjustment related to a revenue purchase accounting adjustment to record Walden's deferred revenue at fair value.
- CEO transition costs related to acceleration of stock-based compensation expense.

- Restructuring expense primarily related to plans to achieve synergies with the Walden acquisition and real estate consolidations at Medical and Veterinary and Adtalem's home office.
- Business acquisition and integration expense include expenses related to the Walden acquisition.
- Walden intangible amortization expense on acquired intangible assets.
- Pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt related to financing arrangements in connection with the Walden acquisition and prepayment of debt.
- Gain on the sale of Adtalem's Columbus, Ohio, campus facility.
- Gain on the deal-contingent foreign currency hedge arrangement entered into in connection with the sale of Adtalem Brazil completed on April 24, 2020 to economically hedge the Brazilian Real denominated purchase price through mitigation of the currency exchange rate risk.
- Tax charges related to the implementation of the Tax Act and the divestiture of DeVry University.
- A net tax benefit for a former subsidiary investment loss.
- Net (income) loss from discontinued operations attributable to Adtalem includes the operations of Adtalem Brazil, ACAMS, Becker, OCL, and EduPristine, including the after-tax gain (loss) on the sale of these businesses, in addition to costs related to DeVry University.

The following tables provide a reconciliation from the most directly comparable GAAP measure to these non-GAAP financial measures. The operating income reconciliation is included in the results of operations section within this MD&A.

Net income (loss) attributable to Adtalem reconciliation to net income from continuing operations attributable to Adtalem excluding special items (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Net income (loss) attributable to Adtalem (GAAP)	$ 317,705	$ 76,909	$ (85,334)
Deferred revenue adjustment	8,561	—	—
CEO transition costs	6,195	—	—
Restructuring expense	25,628	6,869	23,683
Business acquisition and integration expense	53,198	31,593	—
Walden intangible amortization expense	97,274	—	—
Pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt	48,804	26,746	—
Gain on sale of assets	—	—	(4,779)
Gain on derivative	—	—	(110,723)
Tax charges related to the Tax Cuts and Jobs Act of 2017 and the divestiture of DeVry University	—	—	(2,230)
Net tax benefit for a former subsidiary investment loss	—	—	(25,688)
Income tax impact on non-GAAP adjustments (1)	(51,683)	(16,297)	(4,399)
Net (income) loss from discontinued operations attributable to Adtalem	(347,532)	(6,579)	305,259
Net income from continuing operations excluding special items (non-GAAP)	$ 158,150	$ 119,241	$ 95,789

(1) Represents the income tax impact of non-GAAP continuing operations adjustments that is recognized in our GAAP financial statements.

Earnings (loss) per share reconciliation to earnings per share from continuing operations excluding special items (shares in thousands):

	Year Ended June 30, 2022	2021	2020
Earnings (loss) per share, diluted (GAAP)	$ 6.57	$ 1.49	$ (1.58)
Effect on diluted earnings per share:			
Deferred revenue adjustment	0.18	-	-
CEO transition costs	0.13	-	-
Restructuring expense	0.53	0.13	0.44
Business acquisition and integration expense	1.09	0.61	-
Walden intangible amortization expense	1.99	-	-
Pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt	1.00	0.52	-
Gain on sale of assets	-	-	(0.09)
Gain on derivative	-	-	(2.05)
Tax charges related to the Tax Cuts and Jobs Act of 2017 and the divestiture of DeVry University	-	-	(0.04)
Net tax benefit for a former subsidiary investment loss	-	-	(0.47)
Income tax impact on non-GAAP adjustments (1)	(1.06)	(0.32)	(0.08)
Net (income) expense from discontinued operations attributable to Adtalem	(7.18)	(0.13)	5.64
Earnings per share from continuing operations excluding special items, diluted (non-GAAP)	$ 3.24	$ 2.31	$ 1.77
Diluted shares used in non-GAAP EPS calculation	48,804	51,645	54,094

(1) Represents the income tax impact of non-GAAP continuing operations adjustments that is recognized in our GAAP financial statements.

Effective income tax rate from continuing operations reconciliation to effective income tax rate from continuing operations excluding special items (in thousands):

	Year Ended June 30, 2022	2021	2020
Pre-tax results:			
(Loss) income from continuing operations before income taxes (GAAP)	$ (45,064)	$ 83,419	$ 204,986
Gain on derivative	—	—	(110,723)
(Loss) income from continuing operations before income taxes excluding special items (non-GAAP)	$ (45,064)	$ 83,419	$ 94,263
Taxes:			
Benefit from (provision for) income taxes (GAAP)	$ 15,237	$ (13,089)	$ 14,939
Net tax benefit for a former subsidiary investment loss	—	—	(25,688)
Benefit from (provision for) income taxes excluding special items (non-GAAP)	$ 15,237	$ (13,089)	$ (10,749)
Tax rate:			
Effective income tax rate (GAAP)	33.8 %	15.7 %	(7.3)%
Effective income tax rate excluding special items (non-GAAP)	33.8 %	15.7 %	11.4 %

The calculation of the effective income tax rate from continuing operations excluding special items in this MD&A does not include all of the same special items used in our calculation of net income from continuing operations excluding special items because we do not include all the special item adjustments from our GAAP results in discussing our effective tax rates in this MD&A discussion.

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. We have not yet experienced significant inflationary pressures on wages or other costs of delivering our educational services; however, should inflation persist in the overall economy, cost increases could affect our results of operations in the future.

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 their financial transactions are denominated in the U.S. dollar.

The interest rate on Adtalem's Term Loan B is based upon LIBOR for eurocurrency rate loans or an alternative base rate for periods typically ranging from one to three months. As of June 30, 2022, Adtalem had $453.3 million in outstanding borrowings under the Term Loan B with an interest rate of 5.60%. Based upon borrowings of $453.3 million, a 100 basis point increase in short-term interest rates would result in $4.5 million of additional annual interest expense.

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.

On March 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement (the "Swap") with a multinational financial institution to mitigate risks associated with the variable interest rate on our Prior Term Loan B debt. We paid interest at a fixed rate of 0.946% and received variable interest of one-month LIBOR (subject to a minimum of 0.00%), on a notional amount equal to the amount outstanding under the Prior Term Loan B. The effective date of the Swap was March 31, 2020 and settlements with the counterparty occurred on a monthly basis. The Swap was set to terminate on February 28, 2025. On July 29, 2021, prior to refinancing our Prior Credit Agreement (as discussed below), we settled and terminated the Swap for $4.5 million, which resulted in a charge to interest expense for this amount in fiscal year 2022. During the operating term of the Swap, the annual interest rate on the amount of the Prior Term Loan B was fixed at 3.946% (including the impact of the 3% interest rate margin on LIBOR loans) for the applicable interest rate period. The Swap was designated as a cash flow hedge and as such, changes in its fair value were recognized in accumulated other comprehensive loss on the Consolidated Balance Sheets and were reclassified into the Consolidated Statements of Income (Loss) within interest expense in the periods in which the hedged transactions affected earnings.

Interest on our Credit Facility is set based on LIBOR, which is based on observable market transactions. The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that no new contracts referencing LIBOR are allowed. In addition, publication of one-week and two-month LIBOR rates ceased on December 31, 2021; however, all other LIBOR tenors will be published through June 30, 2023. Various parties, including government agencies, are seeking to identify an alternative rate to replace LIBOR. Management is monitoring their efforts. The Credit Agreement provides guidance surrounding the implementation of a replacement benchmark rate, however the specific replacement benchmark rate has not been identified. We expect to amend the Credit Agreement during fiscal year 2023 to transition from LIBOR to the Secured Overnight Financing Rate ("SOFR").

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Financial Statement Schedule

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, 2022 and 2021, and the related consolidated statements of income (loss), of comprehensive income, of shareholders’ equity and of cash flows for each of the three years in the period ended June 30, 2022, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of June 30, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2022 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, 2022, 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 appearing under Item 9A. 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.

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.

Acquisition of Walden University – Valuation of Title IV Eligibility and Accreditations and Trade Name Intangible Assets

As described in Note 3 to the consolidated financial statements, on August 12, 2021, the Company completed the acquisition of Walden University ("Walden") for $1.5 billion. Of the acquired intangible assets, $495.8 million was assigned to Title IV eligibility and accreditations and $119.6 million was assigned to trade names. The Title IV eligibility and accreditations and trade name intangible assets were valued using the with and without method of the income approach and relief-from-royalty method, respectively. Management applied judgment when valuing these intangible assets, which involved the use of significant assumptions with respect to the discount rate and recovery period for the Title IV eligibility and accreditations intangible asset and royalty rate and discount rate for the trade name intangible asset.

The principal considerations for our determination that performing procedures relating to the acquisition of Walden, specifically the valuation of the Title IV eligibility and accreditations and trade name intangible assets, is a critical audit matter are (i) the significant judgment by management when determining the fair value of the acquired Title IV eligibility and accreditations and trade name intangible assets; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to the discount rate and recovery period for the Title IV eligibility and accreditations intangible asset and the royalty rate and discount rate for the trade name intangible asset; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

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 the acquisition accounting, including controls over management's valuation of the Title IV eligibility and accreditations and trade name intangible assets and controls over the development of significant assumptions related to the discount rate and recovery period for the Title IV eligibility and accreditations intangible asset and the royalty rate and discount rate of the trade name intangible asset. These procedures also included, among others reading the purchase agreement and testing management's process for determining the fair values of the Title IV eligibility and accreditations and trade name intangible assets acquired. Testing management's process involved (i) evaluating the appropriateness of the with and without method of the income approach and the relief-from-royalty method; (ii) testing the completeness and accuracy of the underlying data used in the with and without method of the income approach and the relief-from-royalty method; and (iii) evaluating the reasonableness of the significant assumptions used by management related to the discount rate and recovery period for the Title IV eligibility and accreditations intangible asset and the royalty rate and discount rate for the trade name intangible asset. Evaluating management's significant assumption related to the recovery period for the Title IV eligibility and accreditations intangible asset included considering (i) the current and past performance of Walden; (ii) the consistency with external market and industry data; and (iii) whether this assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the Company's with and without method of the income approach and the relief-from-royalty method and (ii) the reasonableness of the discount rate significant assumption for the Title IV eligibility and accreditations intangible asset and the royalty rate and discount rate significant assumptions for the trade name intangible asset.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
August 11, 2022

We have served as the Company's auditor since 1991.

Adtalem Global Education Inc.
Consolidated Balance Sheets
(in thousands, except par value)

	June 30, 2022	June 30, 2021
Assets:		
Current assets:		
Cash and cash equivalents	$ 346,973	$ 476,377
Restricted cash	964	819,003
Accounts receivable, net	81,635	43,041
Prepaid expenses and other current assets	126,467	128,217
Current assets held for sale	—	48,315
Total current assets	556,039	1,514,953
Noncurrent assets:		
Property and equipment, net	289,926	283,692
Operating lease assets	177,995	167,365
Deferred income taxes	51,093	53,486
Intangible assets, net	873,577	137,500
Goodwill	961,262	310,210
Other assets, net	119,283	86,040
Noncurrent assets held for sale	—	531,597
Total noncurrent assets	2,473,136	1,569,890
Total assets	$ 3,029,175	$ 3,084,843
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable	$ 57,140	$ 42,421
Accrued payroll and benefits	66,642	54,331
Accrued liabilities	98,124	126,344
Deferred revenue	144,840	68,807
Current operating lease liabilities	50,781	53,991
Current portion of long-term debt	—	3,000
Current liabilities held for sale	—	59,913
Total current liabilities	417,527	408,807
Noncurrent liabilities:		
Long-term debt	838,908	1,067,711
Long-term operating lease liabilities	177,045	167,066
Deferred income taxes	25,554	26,177
Other liabilities	65,074	78,705
Noncurrent liabilities held for sale	—	33,517
Total noncurrent liabilities	1,106,581	1,373,176
Total liabilities	1,524,108	1,781,983
Commitments and contingencies (Note 20)		
Redeemable noncontrolling interest	—	1,790
Shareholders' equity:		
Common stock, $0.01 par value per share, 200,000 shares authorized; 45,177 and 49,253 shares outstanding as of June 30, 2022 and June 30, 2021, respectively	818	811
Additional paid-in capital	521,848	519,826
Retained earnings	2,322,810	2,005,105
Accumulated other comprehensive loss	(960)	(7,365)
Treasury stock, at cost, 36,619 and 31,846 shares as of June 30, 2022 and June 30, 2021, respectively	(1,339,449)	(1,217,307)
Total shareholders' equity	1,505,067	1,301,070
Total liabilities and shareholders' equity	$ 3,029,175	$ 3,084,843

See accompanying Notes to Consolidated Financial Statements.

Adtalem Global Education Inc.
Consolidated Statements of Income (Loss)
(in thousands, except per share data)

	Year Ended June 30,		
	2022	2021	2020
Revenue	$ 1,387,122	$ 906,901	$ 866,427
Operating cost and expense:			
Cost of educational services	659,776	457,905	457,165
Student services and administrative expense	568,056	292,482	280,291
Restructuring expense	25,628	6,869	23,683
Business acquisition and integration expense	53,198	31,593	—
Gain on sale of assets	—	—	(4,779)
Total operating cost and expense	1,306,658	788,849	756,360
Operating income	80,464	118,052	110,067
Other income (expense):			
Interest and dividend income	3,820	4,094	3,688
Interest expense	(129,348)	(41,365)	(19,510)
Investment gain	—	2,638	18
Gain on derivative	—	—	110,723
Net other (expense) income	(125,528)	(34,633)	94,919
(Loss) income from continuing operations before income taxes	(45,064)	83,419	204,986
Benefit from (provision for) income taxes	15,237	(13,089)	14,939
(Loss) income from continuing operations	(29,827)	70,330	219,925
Discontinued operations:			
(Loss) income from discontinued operations before income taxes	(395)	9,485	(30,386)
Gain (loss) on disposal of discontinued operations before income taxes (includes ($293,360) accumulated other comprehensive income reclassifications for realized loss on foreign currency translation adjustments for the year ended June 30, 2020)	473,483	—	(287,560)
(Provision for) benefit from income taxes	(125,556)	(3,340)	12,243
Income (loss) from discontinued operations	347,532	6,145	(305,703)
Net income (loss)	317,705	76,475	(85,778)
Net loss attributable to redeemable noncontrolling interest from discontinued operations	—	434	444
Net income (loss) attributable to Adtalem	$ 317,705	$ 76,909	$ (85,334)
Amounts attributable to Adtalem:			
Net (loss) income from continuing operations	$ (29,827)	$ 70,330	$ 219,925
Net income (loss) from discontinued operations	347,532	6,579	(305,259)
Net income (loss) attributable to Adtalem	$ 317,705	$ 76,909	$ (85,334)
Earnings (loss) per share attributable to Adtalem:			
Basic:			
Continuing operations	$ (0.62)	$ 1.37	$ 4.10
Discontinued operations	$ 7.18	$ 0.13	$ (5.69)
Total basic earnings (loss) per share	$ 6.57	$ 1.50	$ (1.59)
Diluted:			
Continuing operations	$ (0.62)	$ 1.36	$ 4.07
Discontinued operations	$ 7.18	$ 0.13	$ (5.64)
Total diluted earnings (loss) per share	$ 6.57	$ 1.49	$ (1.58)
Weighted-average shares outstanding:			
Basic shares	48,388	51,322	53,659
Diluted shares	48,388	51,645	54,094

See accompanying Notes to Consolidated Financial Statements.

Adtalem Global Education Inc.
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended June 30,		
	2022	**2021**	**2020**
Net income (loss)	$ 317,705	$ 76,475	$ (85,778)
Other comprehensive income (loss), net of tax			
Gain (loss) on foreign currency translation adjustments	59	713	(157,354)
Unrealized (loss) gain on available-for-sale marketable securities	—	(57)	84
Unrealized gain (loss) on interest rate swap	—	1,160	(7,855)
Comprehensive income (loss) before reclassification	317,764	78,291	(250,903)
Reclassification adjustment for gain on available-for-sale marketable securities	—	(126)	—
Reclassification adjustment for realized (gain) loss on foreign currency translation adjustments	(349)	—	293,360
Reclassification adjustment for loss on interest rate swap	6,695	—	—
Comprehensive income	324,110	78,165	42,457
Comprehensive loss attributable to redeemable noncontrolling interest from discontinued operations	—	434	444
Comprehensive income attributable to Adtalem	$ 324,110	$ 78,599	$ 42,901

See accompanying Notes to Consolidated Financial Statements.

Adtalem Global Education Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended June 30,		
	2022	2021	2020
Operating activities:			
Net income (loss)	$ 317,705	$ 76,475	$ (85,778)
(Income) loss from discontinued operations	(347,532)	(6,145)	305,703
(Loss) income from continuing operations	(29,827)	70,330	219,925
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Stock-based compensation expense	22,611	12,824	13,878
Amortization and adjustments to operating lease assets	44,748	50,651	52,781
Depreciation	44,574	33,888	32,278
Amortization of intangible assets	97,274	—	—
Amortization and write-off of debt discount and issuance costs	42,654	2,657	1,566
Reclassification adjustment from other comprehensive income	—	(126)	—
Provision for bad debts	27,141	11,023	14,431
Deferred income taxes	(544)	62	(5,423)
Loss on disposals, accelerated depreciation, and adjustments to property and equipment	3,501	1,912	4,564
Gain on extinguishment of debt	(2,072)	—	—
Realized and unrealized gain on investments	—	(2,638)	(18)
Realized gain on sale of assets	—	—	(4,779)
Gain on derivative	—	—	(110,723)
Changes in assets and liabilities:			
Accounts receivable	(29,881)	15,443	(11,392)
Prepaid expenses and other current assets	569	(17,198)	(18,741)
Accounts payable	(15,724)	5,666	(9,421)
Accrued payroll and benefits	(13,268)	12,552	257
Accrued liabilities	(16,305)	29,312	1,265
Deferred revenue	65,075	5,312	(1,725)
Operating lease liabilities	(49,147)	(48,588)	(52,780)
Other assets and liabilities	(27,554)	(14,322)	(16,298)
Net cash provided by operating activities-continuing operations	163,825	168,760	109,645
Net cash (used in) provided by operating activities-discontinued operations	(153,401)	23,439	(1,953)
Net cash provided by operating activities	10,424	192,199	107,692
Investing activities:			
Capital expenditures	(31,054)	(39,881)	(39,605)
Proceeds from sales of marketable securities	—	2,721	2,829
Purchases of marketable securities	—	(10,745)	(3,015)
Proceeds from sale of assets	—	—	6,421
Cash received on settlement of derivative	—	—	110,723
Cash received on purchase price adjustment	—	—	92
Payment for purchase of business, net of cash and restricted cash acquired	(1,488,054)	—	—
Cash received on DeVry University loan	10,000	—	—
Net cash (used in) provided by investing activities-continuing operations	(1,509,108)	(47,905)	77,445
Net cash used in investing activities-discontinued operations	(3,287)	(8,783)	(8,440)
Proceeds from sale of business, net of cash transferred	960,768	—	313,518
Net cash (used in) provided by investing activities	(551,627)	(56,688)	382,523
Financing activities:			
Proceeds from exercise of stock options	8,879	1,457	3,761
Employee taxes paid on withholding shares	(2,834)	(4,206)	(5,485)
Proceeds from stock issued under Colleague Stock Purchase Plan	535	262	17
Repurchases of common stock for treasury	(120,000)	(100,000)	(136,889)
Payment for purchase of equity forward contract	(30,000)	—	—
Proceeds from long-term debt	850,000	800,000	225,000
Repayments of long-term debt	(1,079,713)	(3,000)	(338,000)
Payment of debt discount and issuance costs	(49,553)	(18,047)	—
Proceeds from down payment on seller loan	—	—	5,200
Payment for purchase of redeemable noncontrolling interest of subsidiary	(1,790)	—	(6,247)
Net cash (used in) provided by financing activities-continuing operations	(424,476)	676,466	(252,643)
Net cash used in financing activities-discontinued operations	—	—	(3,466)
Net cash (used in) provided by financing activities	(424,476)	676,466	(256,109)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	534	(33,468)
Net (decrease) increase in cash, cash equivalents and restricted cash	(965,679)	812,511	200,638
Cash, cash equivalents and restricted cash at beginning of period	1,313,616	501,105	300,467
Cash, cash equivalents and restricted cash at end of period	347,937	1,313,616	501,105
Less: cash, cash equivalents and restricted cash of discontinued operations at end of period	—	18,236	17,726
Cash, cash equivalents and restricted cash of continuing operations at end of period	$ 347,937	$ 1,295,380	$ 483,379
Supplemental cash flow disclosure:			
Cash paid during the year for:			
Interest	$ 107,093	$ 14,429	$ 20,156
Income taxes, net	$ 94,355	$ 26,431	$ 12,442
Decrease in redemption value of redeemable noncontrolling interest put option	$ —	$ (628)	$ —

See accompanying Notes to Consolidated Financial Statements.

Adtalem Global Education Inc.
Consolidated Statements of Shareholders' Equity
(in thousands)

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury Stock		
	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Total
June 30, 2019	80,132	$ 801	$ 486,061	$ 2,012,902	$ (137,290)	24,830	$ (970,944)	$ 1,391,530
Net loss attributable to Adtalem Global Education				(85,334)				(85,334)
Other comprehensive loss, net of tax					(165,125)			(165,125)
Reclassification adjustment for realized loss on foreign currency translation adjustments					293,360			293,360
Stock-based compensation			14,713					14,713
Net activity from stock-based compensation awards	533	6	3,668			127	(5,527)	(1,853)
Proceeds from stock issued under Colleague Stock Purchase Plan			(8)			(1)	27	19
Repurchases of common stock for treasury						3,838	(136,889)	(136,889)
June 30, 2020	80,665	807	504,434	1,927,568	(9,055)	28,794	(1,113,333)	1,310,421
Net income attributable to Adtalem Global Education				76,909				76,909
Other comprehensive income, net of tax					1,816			1,816
Reclassification adjustment for gain on available-for-sale marketable securities					(126)			(126)
Change in redeemable noncontrolling interest put option				628				628
Stock-based compensation			13,880					13,880
Net activity from stock-based compensation awards	434	4	1,561			131	(4,314)	(2,749)
Proceeds from stock issued under Colleague Stock Purchase Plan			(49)			(9)	340	291
Repurchases of common stock for treasury						2,930	(100,000)	(100,000)
June 30, 2021	81,099	811	519,826	2,005,105	(7,365)	31,846	(1,217,307)	1,301,070
Net income attributable to Adtalem Global Education				317,705				317,705
Other comprehensive income, net of tax					59			59
Reclassification adjustment for realized gain on foreign currency translation adjustments					(349)			(349)
Reclassification adjustment for loss on interest rate swap					6,695			6,695
Stock-based compensation			23,247					23,247
Net activity from stock-based compensation awards	697	7	8,872			82	(2,834)	6,045
Proceeds from stock issued under Colleague Stock Purchase Plan			(97)			(19)	692	595
Repurchases of common stock for treasury						4,710	(120,000)	(120,000)
Equity forward contract			(30,000)					(30,000)
June 30, 2022	81,796	$ 818	$ 521,848	$ 2,322,810	$ (960)	36,619	$ (1,339,449)	$ 1,505,067

See accompanying Notes to Consolidated Financial Statements.

Adtalem Global Education Inc.
Notes to Consolidated Financial Statements
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1. Nature of Operations

In this Annual Report on Form 10-K, Adtalem Global Education Inc., together with its subsidiaries, is collectively referred to as “Adtalem,” “we,” “our,” “us,” or similar references.

Adtalem is a leading healthcare educator. During the first quarter of fiscal year 2022, Adtalem made a change to its reportable segments to align with current strategic priorities and resource allocation.

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when the Association of Certified Anti-Money Laundering Specialists (“ACAMS”), Becker Professional Education (“Becker”), OnCourse Learning (“OCL”), and EduPristine were classified as discontinued operations and assets held for sale. In accordance with U.S. generally accepted accounting principles (“GAAP”), we have classified the ACAMS, Becker, OCL, and EduPristine entities as “Held for Sale” and “Discontinued Operations” in all periods presented as applicable. As a result, all financial results, disclosures, and discussions of continuing operations in this Annual Report on Form 10-K exclude ACAMS, Becker, OCL, and EduPristine operations, unless otherwise noted. On March 10, 2022, we completed the sale of ACAMS, Becker, and OCL and on June 17, 2022, we completed the sale of EduPristine. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations. See Note 4 “Discontinued Operations and Assets Held for Sale” for additional information.

We present three reportable segments as follows:

Chamberlain – Offers degree and non-degree programs in the nursing and health professions postsecondary education industry. This segment includes the operations of Chamberlain University (“Chamberlain”).

Walden – Offers more than 100 online certificate, bachelor’s, master’s, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden University (“Walden”), which was acquired by Adtalem on August 12, 2021. Business acquisition and integration costs incurred for this transaction were $53.2 million and $31.6 million in fiscal year 2022 and 2021, respectively. See Note 3 “Acquisitions” for additional information.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of the American University of the Caribbean School of Medicine (“AUC”), Ross University School of Medicine (“RUSM”), and Ross University School of Veterinary Medicine (“RUSVM”), which are collectively referred to as the “medical and veterinary schools.”

“Home Office and Other” includes activities not allocated to a reportable segment. See Note 21 “Segment Information” for additional information.

2. Summary of Significant Accounting Policies

For each accounting topic that is addressed in its own note, the description of the accounting policy may be found in the related note. Other significant accounting policies are described below.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Adtalem and its controlled 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 loss attributable to redeemable noncontrolling interest from discontinued operations” in our Consolidated Statements of Income (Loss). Unless indicated, or the context requires otherwise, references to years refer to Adtalem’s fiscal years. Certain prior periods amounts have been reclassified to conform to current period presentation.

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 the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Although our current estimates contemplate current conditions, including the impact of the novel coronavirus ("COVID-19") pandemic, and how we anticipate them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations and financial condition. On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide. COVID-19 and the response of governmental and public health organizations in dealing with the pandemic included restricting general activity levels within communities, the economy, and operations of our customers. While we have experienced an impact to our business, operations, and financial results as a result of the COVID-19 pandemic, it may have even more far-reaching impacts on many aspects of our operations including the impact on customer behaviors, business operations, our employees, and the market in general. The extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations, cash flows, and liquidity may differ from management's current estimates due to inherent uncertainties regarding the duration and further spread of COVID-19, actions taken to contain the virus, the efficacy and distribution of the vaccines, as well as, how quickly and to what extent normal economic and operating conditions can resume.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximate fair value. We maintain cash and cash equivalent balances that exceed federally-insured limits. We have not experienced any losses on our cash and cash equivalents.

Restricted Cash

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. See Note 13 "Debt" for information related to funds held in an escrow account to fund the Walden acquisition and is recorded within restricted cash on the Consolidated Balance Sheets as of June 30, 2021.

Property and Equipment

Property and equipment is recorded at cost and is depreciated on the straight-line method. Cost includes additions and those improvements that enhance performance, increase the capacity, or lengthen the useful lives of the assets. Purchases of computer software, including external costs and certain internal costs (including payroll and payroll-related costs of employees) directly associated with developing computer software applications for internal use, are capitalized. 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 gain or loss included in income. Assets under construction are reflected in construction in progress until they are placed into service for their intended use.

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.

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.

See Note 10 "Property and Equipment, Net" for additional information.

Goodwill and Intangible Assets

Goodwill and indefinite-lived intangibles are not amortized, but are tested for impairment annually and when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. Our annual testing date is May 31.

Adtalem first assesses goodwill for impairment qualitatively for each reporting unit that contains goodwill. 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 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. 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 of the excess, 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 each reporting unit 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 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. If the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to that excess.

For intangible assets with finite lives, we evaluate for potential impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. Intangible assets with finite lives are amortized over their expected economic lives, ranging from 3 to 5 years.

All intangible assets and certain goodwill are being amortized for tax reporting purposes over statutory lives.

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 future impairments of goodwill or intangible assets. See Note 12 "Goodwill and Intangible Assets" for additional information on our goodwill and intangible assets impairment analysis.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. 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.

Treasury Stock

Shares that are repurchased by Adtalem under its share repurchase programs are recorded as treasury stock at cost and result in a reduction in shareholders' equity. See Note 15 "Share Repurchases" for additional information.

From time to time, shares of our common stock are delivered back to Adtalem under a swap arrangement resulting from employees' exercise of stock options pursuant to the terms of the Adtalem's stock-based incentive plans (see Note 17 "Stock-Based Compensation"). In addition, shares of our common stock are delivered back to Adtalem for payment of withholding taxes from employees for vesting restricted stock units ("RSUs"). These shares are recorded as treasury stock at cost and result in a reduction in shareholders' equity.

Treasury shares are reissued at market value, less a 10% discount, to the Adtalem Colleague Stock Purchase Plan in exchange for employee payroll deductions. The 10% discount is considered compensatory and recorded as an expense in the Consolidated Statements of Income (Loss). 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, less the amount recorded as expense, 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.

Earnings per Share

Basic earnings per share ("EPS") is computed by dividing net income or loss attributable to Adtalem by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income or loss attributable to Adtalem by diluted weighted-average number of shares outstanding during the period. 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. Diluted EPS considers the impact of potentially dilutive securities, except in periods in which there is a loss from continuing operations, because the inclusion of the potential common shares would have an antidilutive effect.

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.

Restructuring Charges

Restructuring charges include costs for severance and related benefits for workforce reductions, impairments on operating lease assets, and losses on disposals of property and equipment related to campus and administrative office consolidations and contract termination costs (see Note 6 "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.

Advertising Costs

Advertising costs are expensed when incurred and totaled $190.7 million, $72.7 million, and $67.3 million for the years ended June 30, 2022, 2021, and 2020, respectively. The increase in advertising costs for the year ended June 30, 2022 was driven by the Walden acquisition during the first quarter of fiscal year 2022. Advertising costs are included in student services and administrative expense in the Consolidated Statements of Income (Loss).

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 recorded as foreign currency translation adjustments in the Consolidated Statements of Comprehensive Income. Transaction gains or losses during each of the fiscal years presented were not material.

Recent Accounting Standards

Recently adopted accounting standards

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." The 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 guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. We adopted this guidance, along with the related clarifications and improvements, effective July 1, 2020 using the modified-retrospective approach without adjusting prior comparative periods. The adoption of this standard did not have a material impact on Adtalem's Consolidated Financial Statements, and therefore, no adjustments were made to retained earnings.

In December 2019, the FASB issued ASU No. 2019-12: "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The guidance was issued as part of FASB's overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. Amendments include removal of certain exceptions to the general principles of Topic 740, "Income Taxes," and simplification in several other areas. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. We adopted this guidance on July 1, 2021 and it did not have a material impact on Adtalem's Consolidated Financial Statements.

In October 2021, the FASB issued ASU No. 2021-08: "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." The amendments require that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption of the amendments is permitted, including adoption in an interim period. An entity that early adopts in an interim period should apply the amendments (1) retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of early application and (2) prospectively to all business combinations that occur on or after the date of initial application. We adopted this guidance on July 1, 2022 and will apply the revised guidance to any future business combinations.

Recently issued accounting standards not yet adopted

In March 2022, the FASB issued ASU No. 2022-02: "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." The guidance was issued as improvements to ASU No. 2016-13. The vintage disclosure changes are relevant to Adtalem and require an entity to disclose current-period gross writeoffs by year of origination for financing receivables. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The amendments should be applied prospectively. Early adoption of the amendments is permitted, including adoption in an interim period. Management expects to implement this guidance effective July 1, 2023. The amendments will impact our disclosures but will not otherwise impact Adtalem's Consolidated Financial Statements.

We reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact on our Consolidated Financial Statements.

3. Acquisitions

Walden University

On August 12, 2021, Adtalem completed the acquisition of 100% of the equity interests of Walden for $1,488.1 million, net of cash and restricted cash of $83.4 million. Adtalem funded the purchase with the $800.0 million in Notes (as defined in Note 13 "Debt"), the $850.0 million Term Loan B (as defined in Note 13 "Debt"), and available cash on hand. Walden offers more than 100 online certificate, bachelor's, master's, and doctoral degrees. The acquisition furthers Adtalem's growth strategy as a leading healthcare educator.

The operations of Walden are included in Adtalem's Walden reportable segment (see Note 21 "Segment Information"). The results of Walden's operations have been included in the Consolidated Financial Statements of Adtalem since the date of acquisition, which included revenue of $485.4 million and net loss of $3.1 million from the operations of Walden in fiscal year 2022. In addition, we incurred acquisition-related costs of $22.3 million and $14.8 million in fiscal year 2022 and 2021, respectively, which were included in business acquisition and integration expense in the Consolidated Statements of Income (Loss).

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

	August 12, 2021
Assets acquired:	
Cash and cash equivalents	$ 65,010
Restricted cash	18,389
Accounts receivable	22,091
Prepaid expenses and other current assets	8,819
Property and equipment	25,882
Operating lease assets	6,096
Deferred income taxes	59
Intangible assets	833,351
Goodwill	651,052
Other assets, net	21,316
Total assets acquired	1,652,065
Liabilities assumed:	
Accounts payable	31,971
Accrued payroll and benefits	25,639
Accrued liabilities	1,620
Deferred revenue	10,958
Current operating lease liabilities	1,983
Long-term operating lease liabilities	4,343
Other liabilities	4,098
Total liabilities assumed	80,612
Net assets acquired	$ 1,571,453

The fair value of the assets acquired includes accounts receivable of $22.1 million. The gross amount due under contracts is $37.9 million, of which $15.8 million is expected to be uncollectible.

Goodwill, which represents the excess of the purchase price over the fair value of the net assets acquired, was all assigned to the Walden reporting unit and reportable segment. The entire goodwill amount is expected to be tax deductible. Factors that contributed to a purchase price resulting in the recognition of goodwill includes Walden's strategic fit into Adtalem's healthcare educator strategy, the reputation of the Walden brand as a leader in online education industry, and potential future growth opportunity. Of the $833.4 million of acquired intangible assets, $495.8 million was assigned to Title IV eligibility and accreditations and $119.6 million was assigned to trade names, each of which has been determined not to be subject to amortization. The values and estimated useful lives of other intangible assets acquired are as follows (in thousands):

	August 12, 2021	
	Value Assigned	Estimated Useful Life
Student relationships	$ 161,900	3 years
Curriculum	$ 56,091	5 years

The Title IV eligibility and accreditations intangible asset was valued using the with and without method of the income approach. The student relationships intangible asset was valued using the multi-period excess earnings method. The trade name intangible asset was valued using the relief-from-royalty method. The curriculum intangible asset was valued using the cost to replace method. Significant judgments and assumptions were used in these valuations. We applied judgment which involved the use of significant assumptions with respect to the discount rate and recovery period for the Title IV eligibility and accreditations intangible asset and royalty rate and discount rate for the trade name intangible asset. We also applied judgment which involved the use of assumptions, including the discount rate and EBITDA margin for the student relationships intangible asset and labor rates and hours and obsolescence rate for the curriculum intangible asset.

The following unaudited pro forma financial information summarizes our results of operations as though the acquisition occurred on July 1, 2020 (in thousands):

	Year Ended June 30,	
	2022	2021
Revenue	$ 1,456,361	$ 1,541,523
Net income attributable to Adtalem	$ 391,824	$ 31,059

The unaudited pro forma financial information includes adjustments to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied from July 1, 2020, with the consequential tax effects. The unaudited pro forma financial information also includes adjustments to reflect the additional interest expense on the debt we issued to fund the acquisition (see Note 13 "Debt" for additional information). As the ticking fees are representative of the historical interest expense incurred by Adtalem on the Term Loan B from the period of February 12, 2021 to August 12, 2021 and the unaudited pro forma financial information for fiscal year 2021 has been adjusted to include interest expense assuming the Term Loan B had been entered into as of July 1, 2020, we have made a further adjustment to remove the ticking fees recognized in the unaudited pro forma financial information for fiscal year 2022 (see Note 13 "Debt" for additional information on ticking fees). Had the Term Loan B been drawn upon on July 1, 2020, none of the ticking fees would have been incurred and, accordingly, the inclusion of such amounts would be duplicative to the interest expense incurred by Adtalem on a pro forma basis. The acquisition transaction costs we incurred in connection with the Walden acquisition are reflected in the unaudited pro forma financial information results for fiscal year 2021.

This unaudited pro forma financial information is for informational purposes only. It does not reflect the integration of the business or any synergies that may result from the acquisition. As such, it is not indicative of the results of operations that would have been achieved had the acquisition been consummated on July 1, 2020. In addition, the unaudited pro forma financial information amounts are not indicative of future operating results.

4. Discontinued Operations and Assets Held for Sale

On December 11, 2018, Adtalem completed the sale of DeVry University to Cogswell Education, LLC ("Cogswell") for de minimis consideration. As the sale represented a strategic shift that had a major effect on Adtalem's operations and financial results, DeVry University is presented in Adtalem's Consolidated Financial Statements as a discontinued operation. The purchase agreement includes an earn-out entitling Adtalem to payments of up to $20.0 million over a ten-year period payable based on DeVry University's free cash flow. Adtalem received $2.9 million during fiscal year 2022 related to the earn-out, which was recorded within discontinued operations in the Consolidated Statements of Income (Loss) for fiscal year 2022. In connection with the closing of the sale, Adtalem loaned to DeVry University $10.0 million under the terms of the promissory note, dated as of December 11, 2018 (the "DeVry Note"). The DeVry Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan repayment of $10.0 million during the third quarter of fiscal year 2022. The DeVry Note is included on the Consolidated Balance Sheets in prepaid expenses and other current assets as of June 30, 2021. 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 with the exception of one lease which expires in December 2023. 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.

On April 24, 2020, Adtalem completed the sale of Adtalem Brazil to Estácio Participações S.A. ("Estácio") and Sociedade de Ensino Superior Estaćio de Sá Ltda, a wholly owned subsidiary of Estácio ("Adtalem Brazil Purchaser"), pursuant to the Stock Purchase Agreement dated October 18, 2019. As the sale represented a strategic shift that had a major effect on Adtalem's operations and financial results, Adtalem Brazil is presented in Adtalem's Consolidated Financial Statements as a discontinued operation. Pursuant to the terms and subject to the conditions set forth in the purchase agreement, Adtalem sold the issued and outstanding shares of Adtalem Brasil Holding S.A. (a/k/a Adtalem Brazil) to the Adtalem Brazil Purchaser for R$1,920 million, subject to certain post-closing adjustments pursuant to the purchase agreement. Adtalem received $345.9 million in sale proceeds and $56.0 million of Adtalem Brazil's cash, for a combined $401.9 million upon the sale. Adtalem Brazil's cash balance on the sale date was $88.4 million, resulting in $313.5 million of cash proceeds, net of this cash transferred. In addition, Adtalem received $110.7 million from the settlement of a deal-contingent foreign currency hedge arrangement entered into in connection with the sale of Adtalem Brazil to economically hedge the Brazilian Real sales price through the mitigation of the currency exchange rate risk. Adtalem recorded this settlement as a pre-tax gain on the hedge of $110.7 million in fiscal year 2020. The hedge agreement had a total notional amount of R$2,154 million. The derivative associated with the hedge agreement did not qualify for hedge accounting treatment under Accounting Standards Codification ("ASC") 815, and as a result, all changes in fair value were recorded within the Consolidated Statements of Income (Loss).

On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group ("Purchaser"), pursuant to the Equity Purchase Agreement ("Purchase Agreement") dated January 24, 2022. Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, Adtalem sold the issued and outstanding shares of ACAMS, Becker, and OCL to the Purchaser for $962.7 million, net of cash of $21.5 million, subject to certain post-closing adjustments. In addition, on June 17, 2022, Adtalem completed the sale of EduPristine for de minimis consideration, which resulted in a transfer of $1.9 million in cash. These divestitures are the culmination of a long-term strategy to sharpen the focus of our portfolio and enhance our ability to address the rapidly growing and unmet demand for healthcare professionals in the U.S. As these sales represented a strategic shift that had a major effect on Adtalem's operations and financial results, these businesses previously included in our former Financial Services segment are presented in Adtalem's Consolidated Financial Statements as discontinued operations. In accordance with GAAP, we have classified ACAMS, Becker, OCL, and EduPristine entities as "Held for Sale" and "Discontinued Operations" in all periods presented as applicable.

The following is a summary of balance sheet information of assets and liabilities reported as held for sale as of June 30, 2021, which includes ACAMS, Becker, OCL, and EduPristine (in thousands):

	June 30, 2021
Assets:	
Current assets:	
Cash and cash equivalents	$ 18,236
Accounts receivable, net	24,955
Prepaid expenses and other current assets	5,124
Total current assets held for sale	48,315
Noncurrent assets:	
Property and equipment, net	13,545
Operating lease assets	1,578
Intangible assets, net	138,749
Goodwill	376,164
Other assets, net	1,561
Total noncurrent assets held for sale	531,597
Total assets held for sale	$ 579,912
Liabilities:	
Current liabilities:	
Accounts payable	$ 13,650
Accrued payroll and benefits	10,121
Accrued liabilities	2,914
Deferred revenue	31,890
Current operating lease liabilities	1,338
Total current liabilities held for sale	59,913
Noncurrent liabilities:	
Long-term operating lease liabilities	789
Deferred income taxes	31,821
Other liabilities	907
Total noncurrent liabilities held for sale	33,517
Total liabilities held for sale	$ 93,430

The following is a summary of income statement information of operations reported as discontinued operations, which includes Adtalem Brazil, ACAMS, Becker, OCL, and EduPristine operations through the date of each respective sale, and activity related to the DeVry University divestiture, which includes litigation and settlement costs we continue to incur and the earn-out we received (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Revenue	$ 153,762	$ 205,479	$ 343,269
Operating cost and expense:			
Cost of educational services	26,996	31,328	138,008
Student services and administrative expense	125,661	161,730	228,996
Restructuring expense	1,500	2,936	5,591
Total operating cost and expense	154,157	195,994	372,595
Operating (loss) income	(395)	9,485	(29,326)
Other income (expense):			
Interest and dividend income	—	—	1,862
Interest expense	—	—	(2,922)
Net other expense	—	—	(1,060)
(Loss) income from discontinued operations before income taxes	(395)	9,485	(30,386)
Gain (loss) on disposal of discontinued operations before income taxes	473,483	—	(287,560)
(Provision for) benefit from income taxes	(125,556)	(3,340)	12,243
Income (loss) from discontinued operations	347,532	6,145	(305,703)
Net loss attributable to redeemable noncontrolling interest from discontinued operations	—	434	444
Net income (loss) from discontinued operations attributable to Adtalem	$ 347,532	$ 6,579	$ (305,259)

5. Revenue

Revenue is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

The following tables disaggregate revenue by source (in thousands):

	Year Ended June 30, 2022			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 557,536	$ 485,393	$ 333,662	$ 1,376,591
Other	—	—	10,531	10,531
Total	$ 557,536	$ 485,393	$ 344,193	$ 1,387,122

	Year Ended June 30, 2021			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 563,814	$ —	$ 339,812	$ 903,626
Other	—	—	3,275	3,275
Total	$ 563,814	$ —	$ 343,087	$ 906,901

	Year Ended June 30, 2020			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 511,655	$ —	$ 336,498	$ 848,153
Other	—	—	18,274	18,274
Total	$ 511,655	$ —	$ 354,772	$ 866,427

In addition, see Note 21 “Segment Information” for a disaggregation of revenue by geographical region.

Performance Obligations and Revenue Recognition

Tuition and fees: The majority of revenue is derived from tuition and fees, which is recognized on a straight-line basis over the academic term as instruction is delivered. Books and other educational product revenue are recognized when products are shipped or students receive access to electronic materials. Under certain circumstances, we report revenue from these books and other educational products on a net basis because our performance obligation is to facilitate a transaction between the student and a vendor, which revenue was not significant for the years ended June 30, 2022, 2021, and 2020.

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.

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 credit extension programs (see Note 9 "Accounts Receivable and Credit Losses" for additional information) generally pay after the academic term is complete.

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services.

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 on a student-by-student basis throughout the period revenue is recognized. 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.

We believe it is probable that no significant reversal will occur in the amount of cumulative revenue recognized when the uncertainty associated with the variable consideration is subsequently resolved. Therefore, the estimate of variable consideration is not constrained.

Contract Balances

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 credit extension programs (see Note 9 "Accounts Receivable and Credit Losses"), payments are generally received after the academic term, and the corresponding performance obligation, is complete. When payments are received, accounts receivable is reduced.

Revenue of $68.8 million and $63.5 million was recognized during fiscal year 2022 and 2021, respectively, that was included in the deferred revenue balance at the beginning of fiscal year 2022 and 2021, respectively. 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, increases from charges related to the start of academic terms beginning during the period, increases from payments received related to academic terms commencing after the end of the reporting period, and increases from the Walden acquisition.

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.

6. Restructuring Charges

During fiscal year 2022, Adtalem recorded restructuring charges primarily driven by workforce reductions and contract terminations related to synergy actions with regard to the Walden acquisition and Medical and Veterinary and Adtalem's home office real estate consolidations. During fiscal year 2021, Adtalem recorded restructuring charges primarily driven by Adtalem's home office real estate consolidations. During fiscal year 2020, Adtalem recorded restructuring charges primarily driven by Adtalem's home office real estate consolidations and workforce reductions across the organization. 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 represented severance pay and benefits for these employees. Adtalem's home office is classified as "Home Office and Other" in Note 21 "Segment Information." Pre-tax restructuring charges by segment were as follows (in thousands):

	Year Ended June 30, 2022		
	Real Estate and Other	Termination Benefits	Total
Chamberlain	$ 835	$ 2,003	$ 2,838
Walden	—	4,053	4,053
Medical and Veterinary	7,675	2,116	9,791
Home Office and Other	5,977	2,969	8,946
Total	$ 14,487	$ 11,141	$ 25,628

	Year Ended June 30, 2021		
	Real Estate and Other	Termination Benefits	Total
Home Office and Other	$ 6,379	$ 490	$ 6,869
Total	$ 6,379	$ 490	$ 6,869

	Year Ended June 30, 2020		
	Real Estate and Other	Termination Benefits	Total
Chamberlain	$ —	$ 291	$ 291
Medical and Veterinary	1,129	287	1,416
Home Office and Other	20,161	1,815	21,976
Total	$ 21,290	$ 2,393	$ 23,683

The following table summarizes the separation and restructuring plan activity for fiscal years 2021 and 2022, for which cash payments are required (in thousands):

Liability balance as of June 30, 2020	$ 1,435
Increase in liability (separation and other charges)	490
Reduction in liability (payments and adjustments)	(1,925)
Liability balance as of June 30, 2021	—
Increase in liability (separation and other charges)	11,851
Reduction in liability (payments and adjustments)	(11,038)
Liability balance as of June 30, 2022	$ 813

The liability balance of $0.8 million is recorded as accrued liabilities on the Consolidated Balance Sheets as of June 30, 2022. We continue to incur restructuring charges or reversals related to exiting leased space from previous restructuring activities and we have begun implementing additional restructuring plans to achieve synergies after the Walden acquisition.

7. Income Taxes

Income from continuing operations before income taxes, classified by source of income, were as follows (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Domestic	$ (111,001)	$ 12,471	$ 129,532
Foreign	65,937	70,948	75,454
Total	$ (45,064)	$ 83,419	$ 204,986

The components of the (benefit from) provision for income taxes were as follows (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Current tax provision (benefit):			
U.S. federal	$ (6,465)	$ 10,631	$ (9,572)
State and local	4,154	1,691	(601)
Foreign	725	547	519
Total current	(1,586)	12,869	(9,654)
Deferred tax provision (benefit):			
U.S. federal	(6,425)	(2,970)	(4,114)
State and local	(6,597)	996	(271)
Foreign	(629)	2,194	(900)
Total deferred	(13,651)	220	(5,285)
(Benefit from) provision for income taxes	$ (15,237)	$ 13,089	$ (14,939)

The effective tax rate differs from the statutory tax rates as follows (in thousands):

	Year Ended June 30,					
	2022		2021		2020	
Income tax at statutory rate	$ (9,463)	21.0 %	$ 17,518	21.0 %	$ 43,047	21.0 %
Lower rates on foreign operations	(14,040)	31.2 %	(12,219)	(14.6)%	(16,182)	(7.9)%
State income taxes	(607)	1.3 %	1,199	1.4 %	1,338	0.7 %
Loss on investment in subsidiary	(1,669)	3.7 %	—	— %	(25,688)	(12.5)%
Deferred tax benefit from acquisitions and divestitures	(1,153)	2.6 %	—	— %	—	— %
Gain on derivative	—	— %	—	— %	(23,252)	(11.3)%
Permanent non-deductible items	2,788	(6.2)%	796	1.0 %	(707)	(0.3)%
Foreign tax provisions under GILTI	8,639	(19.2)%	5,506	6.6 %	6,440	3.1 %
Other	268	(0.6)%	289	0.3 %	65	— %
(Benefit from) provision for income taxes	$ (15,237)	33.8 %	$ 13,089	15.6 %	$ (14,939)	(7.3)%

Deferred income tax assets and 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.

The components of the deferred income tax assets and liabilities were as follows (in thousands):

	June 30,	
	2022	2021
Employee benefits	$ 9,936	$ 12,643
Stock-based compensation	6,675	6,895
Receivable reserve	6,919	2,598
Operating lease liabilities	44,089	50,234
Other reserves	1,865	4,117
Loss and credit carryforwards, net	21,206	15,334
Less: valuation allowance	(10,390)	(4,985)
Gross deferred tax assets	80,300	86,836
Depreciation	(5,314)	(1,696)
Deferred taxes on unremitted foreign earnings	(397)	(733)
Amortization of intangible assets	(18,975)	(22,161)
Operating lease assets	(30,075)	(35,106)
Other accruals	—	169
Gross deferred tax liability	(54,761)	(59,527)
Net deferred tax asset (liability)	$ 25,539	$ 27,309

As of June 30, 2022, Adtalem has $259.9 million of gross, post apportioned state net operating loss carryforwards, and $15.7 million of foreign net operating loss carryforwards in St. Maarten and other jurisdictions. As of June 30, 2021, Adtalem has $208.9 million of gross, post apportioned state net operating loss carryforwards, and $10.1 million of foreign net operating loss carryforwards in 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, 2022 (in thousands):

	June 30, 2022	Years of Expiration Beginning	Years of Expiration Ending
U.S. credit carryforwards	$ 672	2027	2030
State net operating loss carryforwards	16,006	2024	2042
Foreign net operating loss carryforwards	4,528	2023	2032
Total loss and credit carryforwards, net	$ 21,206		

Three of Adtalem's businesses benefit from local tax incentives: AUC, which operates in St. Maarten, RUSM, which operates in Barbados, and RUSVM, which operates in St. Kitts. 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. RUSM has an exemption in Barbados until 2039. RUSVM has an exemption in St. Kitts until 2037.

Adtalem does not assert that the accumulated undistributed earnings of its foreign subsidiaries are indefinitely reinvested in foreign jurisdictions. Adtalem has accrued applicable state income and foreign withholding taxes on such distributed earnings.

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 $10.4 million and $5.0 million as of June 30, 2022 and 2021, respectively, and mainly relates to other foreign and state net operating loss carryforwards. Insufficient projected taxable income in certain jurisdictions gives rise to the need for a valuation allowance.

Based on Adtalem's expectations for future taxable income, management believes that it is more likely than not that operating income in other respective jurisdictions will be sufficient to recognize fully all deferred tax assets.

Our income tax provisions or benefits from continuing operations were $15.2 million tax benefit, $13.1 million tax provision, and $14.9 million tax benefit in fiscal year 2022, 2021, and 2020, respectively. The income tax benefits in fiscal years 2022 and 2020 and the income tax expense in fiscal year 2021 reflect the U.S. federal tax rate of 21% adjusted for taxes related to global intangible low-taxed income ("GILTI"), state and local taxes, foreign rate differences, benefits associated with local tax incentives, changes in valuation allowances and liabilities for uncertain tax positions, tax credits, and tax benefits on stock-based compensation awards. The increase in the fiscal year 2022 income tax provision benefit is the result of the loss incurred for fiscal year 2022. The effective tax rate also includes a tax benefit of $1.7 million from a loss for certain uncollectible subsidiary receivables as well as a benefit of $1.2 million to adjust deferred state tax balances for the acquisition of Walden and the sale of ACAMS, Becker, and OCL, offset by $3.0 million for limitations on deductions for executive compensation.

As of June 30, 2022 and 2021, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of tax benefits, was $10.7 million and $9.9 million, respectively, 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 not be material. 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, 2022 and 2021 was $1.8 million and $1.5 million, respectively. Interest and penalties expense recognized during the years ended June 30, 2022, 2021, and 2020 were $0.3 million, $0.4 million, and a benefit of $0.1 million, respectively. The changes in our unrecognized tax benefits were (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Balance at beginning of period	$ 9,926	$ 11,001	$ 31,303
Increases from positions taken during prior periods	1,074	47	—
Decreases from positions taken during prior periods	(2,815)	(904)	(26,476)
Increases from positions taken during the current period	2,845	42	6,454
Reductions due to lapse of statute	(373)	(257)	(206)
Reductions due to settlement	—	(3)	(74)
Balance at end of period	$ 10,657	$ 9,926	$ 11,001

Adtalem files tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions based on existing tax laws and incentives. Adtalem remains generally subject to examination in the U.S. for years beginning on or after July 1, 2018; in various states for years beginning on or after July 1, 2016; and in our significant foreign jurisdictions for years beginning on or after July 1, 2016.

8. Earnings per Share

As a results of incurring a net loss from continuing operations in fiscal year 2022, potential common shares of 416 thousand were excluded from diluted loss per share because the effect would have been antidilutive. As further described in Note 15 “Share Repurchases,” on March 14, 2022, we entered into an accelerated share repurchase (“ASR”) agreement to repurchase $150.0 million of common stock. For purposes of calculating earnings per share for the periods presented, Adtalem reflected the ASR agreement as a repurchase of Adtalem common stock and as a forward contract indexed to its own common stock. Certain shares, including shares expected to be received under the final settlement of the ASR and stock awards, were excluded from the computation of earnings per share because the effect would have been antidilutive. The following table sets forth the computations of basic and diluted earnings per share and antidilutive shares (in thousands, except per share data):

	Year Ended June 30,		
	2022	2021	2020
Numerator:			
Net income (loss) attributable to Adtalem:			
Continuing operations	$ (29,827)	$ 70,330	$ 219,925
Discontinued operations	347,532	6,579	(305,259)
Net income (loss) attributable to Adtalem	$ 317,705	$ 76,909	$ (85,334)
Denominator:			
Weighted-average basic shares outstanding	48,388	51,322	53,659
Effect of dilutive stock awards	—	323	435
Weighted-average diluted shares outstanding	48,388	51,645	54,094
Earnings (loss) per share attributable to Adtalem:			
Basic:			
Continuing operations	$ (0.62)	$ 1.37	$ 4.10
Discontinued operations	$ 7.18	$ 0.13	$ (5.69)
Total basic earnings (loss) per share	$ 6.57	$ 1.50	$ (1.59)
Diluted:			
Continuing operations	$ (0.62)	$ 1.36	$ 4.07
Discontinued operations	$ 7.18	$ 0.13	$ (5.64)
Total diluted earnings (loss) per share	$ 6.57	$ 1.49	$ (1.58)
Weighted-average antidilutive shares	1,869	1,143	973

9. Accounts Receivable and Credit Losses

We categorize our accounts receivable balances as trade receivables or financing receivables. Our trade receivables relate to student balances occurring in the normal course of business. Trade receivables have a term of less than one year and are included in accounts receivable, net on our Consolidated Balance Sheets. Our financing receivables relate to credit extension programs where the student is provided payment terms in excess of one year with their respective school and are included in accounts receivable, net and other assets, net on our Consolidated Balance Sheets.

The classification of our accounts receivable balances was as follows (in thousands):

	June 30, 2022		
	Gross	Allowance	Net
Trade receivables, current	$ 109,882	$ (30,897)	$ 78,985
Financing receivables, current	6,116	(3,466)	2,650
Accounts receivable, current	$ 115,998	$ (34,363)	$ 81,635
Financing receivables, current	$ 6,116	$ (3,466)	$ 2,650
Financing receivables, noncurrent	36,265	(11,425)	24,840
Total financing receivables	$ 42,381	$ (14,891)	$ 27,490

	June 30, 2021		
	Gross	Allowance	Net
Trade receivables, current	$ 52,512	$ (11,559)	$ 40,953
Financing receivables, current	6,348	(4,260)	2,088
Accounts receivable, current	$ 58,860	$ (15,819)	$ 43,041
Financing receivables, current	$ 6,348	$ (4,260)	$ 2,088
Financing receivables, noncurrent	39,665	(12,572)	27,093
Total financing receivables	$ 46,013	$ (16,832)	$ 29,181

Our financing receivables relate to credit extension programs available to students at Chamberlain, AUC, RUSM, and RUSVM. These credit extension programs are designed to assist students who are unable to completely cover educational costs consisting of tuition, fees, and books, and are available only after all other student financial assistance has been applied toward those purposes. In addition, AUC, RUSM, and RUSVM allow students to finance their living expenses. Repayment plans for financing agreements 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 once a student withdraws or graduates from a program. Most 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, which reduces the possibility of over borrowing. Payments may increase upon completing or departing school. After a student leaves school, the student typically will have a monthly installment repayment plan.

Credit Quality

The primary credit quality indicator for our financing receivables is delinquency. Balances are considered delinquent when contractual payments on the loan become past due. We charge-off financing receivable balances after they have been sent to a third-party collector, the timing of which varies by the institution granting the loan, but in most cases is when the financing agreement is at least 181 days past due. Payments are applied first to outstanding interest and then to the unpaid principal balance.

The credit quality analysis of financing receivables as of June 30, 2022 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						
	Prior	2018	2019	2020	2021	2022	Total
1-30 days past due	$ 104	$ 140	$ 114	$ 191	$ 699	$ 782	$ 2,030
31-60 days past due	278	38	214	145	691	332	1,698
61-90 days past due	58	29	217	8	668	273	1,253
91-120 days past due	97	139	113	45	670	14	1,078
121-150 days past due	17	30	20	41	206	81	395
Greater than 150 days past due	6,978	876	1,077	683	1,596	377	11,587
Total past due	7,532	1,252	1,755	1,113	4,530	1,859	18,041
Current	4,687	2,229	1,483	1,167	8,910	5,864	24,340
Financing receivables, gross	$ 12,219	$ 3,481	$ 3,238	$ 2,280	$ 13,440	$ 7,723	$ 42,381

The credit quality analysis of financing receivables as of June 30, 2021 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						
	Prior	2017	2018	2019	2020	2021	Total
1-30 days past due	$ 297	$ 7	$ 320	$ 559	$ 135	$ 1,616	$ 2,934
31-60 days past due	145	2	165	49	61	660	1,082
61-90 days past due	24	310	92	102	69	95	692
91-120 days past due	287	—	131	16	47	13	494
121-150 days past due	43	31	133	42	256	108	613
Greater than 150 days past due	7,468	2,973	1,919	1,431	475	872	15,138
Total past due	8,264	3,323	2,760	2,199	1,043	3,364	20,953
Current	4,565	1,955	2,601	1,586	1,548	12,805	25,060
Financing receivables, gross	$ 12,829	$ 5,278	$ 5,361	$ 3,785	$ 2,591	$ 16,169	$ 46,013

Allowance for Credit Losses

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in our accounts receivable balances as of each balance sheet date. In evaluating the collectability of all our accounts receivable balances, we utilize historical events, current conditions, and reasonable and supportable forecasts about the future.

For our trade receivables, we primarily use historical loss rates based on an aging schedule and a student's status to determine the allowance for credit losses. As these trade receivables are short-term in nature, management believes a student's status provides the best credit loss estimate, while also factoring in delinquency. Students still attending classes, recently graduated, or current on payments are more likely to pay than those who are inactive due to being on a leave of absence, withdrawing from school, or not current on payments.

For our financing receivables, we primarily use historical loss rates based on an aging schedule. As these financing receivables are based on long-term financing agreements offered by Adtalem, management believes that delinquency provides the best credit loss estimate. As the financing receivable balances become further past due, it is less likely we will receive payment, causing our estimate of credit losses to increase.

The following tables provide a rollforward of the allowance for credit losses (in thousands):

	Year Ended June 30, 2022		
	Trade	Financing	Total
Beginning balance	$ 11,559	$ 16,832	$ 28,391
Write-offs	(15,980)	(5,287)	(21,267)
Recoveries	11,488	35	11,523
Provision for credit losses	23,830	3,311	27,141
Ending balance	$ 30,897	$ 14,891	$ 45,788

	Year Ended June 30, 2021		
	Trade	Financing	Total
Beginning balance	$ 9,367	$ 15,063	$ 24,430
Write-offs	(4,279)	(3,609)	(7,888)
Recoveries	761	65	826
Provision for credit losses	5,710	5,313	11,023
Ending balance	$ 11,559	$ 16,832	$ 28,391

Allowance for bad debts on short-term and long-term receivables as of June 30, 2022 and 2021 were $45.8 million and $28.4 million, respectively. The increase in the reserve from the prior year is driven by the provision for credit losses at Walden.

Other Financing Receivables

In connection with the sale of DeVry University, Adtalem loaned $10.0 million to DeVry University under the terms of the DeVry Note. The DeVry Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan payment of $10.0 million during the third quarter of fiscal year 2022. The DeVry Note is included on the Consolidated Balance Sheets in prepaid expenses and other current assets as of June 30, 2021 and was estimated by discounting the future cash flows using an average of current rates for similar arrangements, which was estimated at 4% per annum.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep Foundation (“DePaul College Prep”). In connection with the sale, Adtalem holds a mortgage from DePaul College Prep for $46.8 million. The mortgage is due on July 31, 2024 as a balloon payment and bears interest at a rate of 4% per annum, payable monthly. The carrying value of the DePaul College Prep loan receivable is included in other assets, net on the Consolidated Balance Sheets as of June 30, 2022 and 2021 is $44.0 million and $42.7 million, respectively, and was originally determined by discounting the future cash flows using an average of current rates for similar arrangements, which is estimated at 7% per annum. Management has evaluated the collectability of this note and has determined no reserve is necessary.

10. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	June 30,	
	2022	2021
Land	$ 44,478	$ 44,331
Building	342,236	326,382
Equipment	268,352	234,686
Construction in progress	11,188	18,284
Property and equipment, gross	666,254	623,683
Accumulated depreciation	(376,328)	(339,991)
Property and equipment, net	$ 289,926	$ 283,692

Depreciation expense was $44.6 million, $33.9 million, and $32.3 million for the years ended June 30, 2022, 2021, and 2020, respectively.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep for $52.0 million. Adtalem received $5.2 million of cash at the time of closing and holds a mortgage, secured by the property, from DePaul College Prep for $46.8 million. The $5.2 million received is classified as a financing activity on the Consolidated Statements of Cash Flows. The mortgage is due on July 31, 2024 as a balloon payment and bears interest at a rate of 4% per annum, payable monthly. The buyer has an option to make prepayments. Due to Adtalem’s involvement with financing the sale, the transaction did not qualify as a sale for accounting purposes. Adtalem continues to maintain the assets associated with the sale on the Consolidated Balance Sheets. We recorded a note receivable of $40.3 million and a financing payable of $45.5 million at the time of the sale, which were classified as other assets, net and other liabilities, respectively, on the

Consolidated Balance Sheets. See Note 9 “Accounts Receivable and Credit Losses” for a discussion on the discounting of the note receivable.

On September 27, 2019, Adtalem closed on the sale of its Columbus, Ohio, campus facility. Net proceeds from the sale of $6.4 million resulted in a gain on the sale of $4.8 million in fiscal year 2020. This gain was recorded at Adtalem’s home office, which is classified as “Home Office and Other” in Note 21 “Segment Information.”

11. Leases

We determine if a contract contains a lease at inception. We have entered into operating leases for academic sites, housing facilities, and office space which expire at various dates through June 2032, most of which include options to terminate for a fee or extend the leases for an additional five-year period. The lease term includes the noncancelable period of the lease, as well as any periods for which we are reasonably certain to exercise extension options. We elected to account for lease and non-lease components (e.g., common-area maintenance costs) as a single lease component for all operating leases. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets. We have not entered into any financing leases.

Operating lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets represent our right to use an underlying asset during the lease term. Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. Operating lease assets are adjusted for any prepaid or accrued lease payments, lease incentives, initial direct costs, and impairments. Our incremental borrowing rate is utilized in determining the present value of the lease payments based upon the information available at the commencement date. Our incremental borrowing rate is determined using a secured borrowing rate for the same currency and term as the associated lease. Operating lease expense is recognized on a straight-line basis over the lease term.

As of June 30, 2022, we entered into three additional operating leases that have not yet commenced. One lease is expected to commence during the second quarter of fiscal year 2023, has a 12-year lease term, and will result in an additional operating lease asset and operating lease liability of approximately $18.9 million. The second lease is expected to commence during the third quarter of fiscal year 2023, has a 10-year lease term, and will result in an additional operating lease asset and operating lease liability of approximately $5.3 million. The third lease is expected to commence during the second quarter of fiscal year 2024, has a 12-year lease term, and will result in an additional operating lease asset and operating lease liability of approximately $16.6 million.

The components of lease cost were as follows (in thousands):

	Year Ended June 30,	
	2022	2021
Operating lease cost	$ 55,257	$ 55,334
Sublease income	(13,920)	(16,234)
Total lease cost	$ 41,337	$ 39,100

Maturities of lease liabilities by fiscal year as of June 30, 2022 were as follows (in thousands):

Fiscal Year	Operating Leases
2023	$ 62,053
2024	54,027
2025	43,342
2026	30,470
2027	27,954
Thereafter	48,547
Total lease payments	266,393
Less: imputed interest	(38,567)
Present value of lease liabilities	$ 227,826

Lease term and discount rate were as follows:

	June 30, 2022
Weighted-average remaining operating lease term (years)	5.5
Weighted-average operating lease discount rate	5.5%

Supplemental disclosures of cash flow information related to leases were as follows (in thousands):

	Year Ended June 30,	
	2022	2021
Cash paid for amounts in the measurement of operating lease liabilities (net of sublease receipts)	$ 52,540	$ 46,040
Operating lease assets obtained in exchange for operating lease liabilities	$ 49,136	$ 45,336

Adtalem maintains agreements to lease either a portion or the full space of two facilities owned by Adtalem to DeVry University with various expiration dates through December 2023. Adtalem maintains agreements to sublease either a portion or the full leased space at 11 of its operating lease locations. Most of these subleases are a result of Adtalem retaining leases associated with restructured lease activities at DeVry University and Carrington College prior to their divestitures during fiscal year 2019. All sublease expirations with DeVry University and Carrington College coincide with Adtalem's original head lease expiration dates. At that time, Adtalem will be relieved of its obligations. In addition, Adtalem has entered into subleases with non-affiliated entities for vacated or partially vacated space from restructuring activities. Adtalem's sublease agreements expire at various dates through December 2025. We record sublease income as an offset against our lease expense recorded on the head lease. For leases which Adtalem vacated or partially vacated space, we recorded estimated restructuring charges in prior periods. Actual results may differ from these estimates, which could result in additional restructuring charges or reversals in future periods. Future minimum lease and sublease rental income under these agreements as of June 30, 2022, were as follows (in thousands):

Fiscal Year	Amount
2023	$ 16,588
2024	10,261
2025	5,121
2026	2,038
Total lease and sublease rental income	$ 34,008

12. Goodwill and Intangible Assets

The table below summarizes goodwill balances by reporting unit (in thousands):

	June 30,	
	2022	2021
Chamberlain	$ 4,716	$ 4,716
Walden	651,052	—
AUC	68,321	68,321
RUSM and RUSVM	237,173	237,173
Total	$ 961,262	$ 310,210

The table below summarizes goodwill balances by reportable segment (in thousands):

	June 30, 2022	June 30, 2021
Chamberlain	$ 4,716	$ 4,716
Walden	651,052	—
Medical and Veterinary	305,494	305,494
Total	$ 961,262	$ 310,210

The table below summarizes the changes in goodwill balances by reportable segment (in thousands):

	Chamberlain	Walden	Medical and Veterinary	Total
June 30, 2020	$ 4,716	$ —	$ 305,494	$ 310,210
June 30, 2021	4,716	—	305,494	310,210
Acquisition	—	651,052	—	651,052
June 30, 2022	$ 4,716	$ 651,052	$ 305,494	$ 961,262

Amortizable intangible assets consisted of the following (in thousands):

	June 30, 2022 Gross Carrying Amount	June 30, 2022 Accumulated Amortization	Weighted-Average Amortization Period
Student relationships	$ 161,900	$ (87,457)	3 Years
Curriculum	56,091	(9,817)	5 Years
Total	$ 217,991	$ (97,274)	

Indefinite-lived intangible assets consisted of the following (in thousands):

	June 30, 2022	June 30, 2021
Walden trade name	$ 119,560	$ —
AUC trade name	17,100	17,100
Ross trade name	5,100	5,100
Chamberlain Title IV eligibility and accreditations	1,200	1,200
Walden Title IV eligibility and accreditations	495,800	—
AUC Title IV eligibility and accreditations	100,000	100,000
Ross Title IV eligibility and accreditations	14,100	14,100
Total	$ 752,860	$ 137,500

The table below summarizes the indefinite-lived intangible asset balances by reportable segment (in thousands):

	June 30, 2022	June 30, 2021
Chamberlain	$ 1,200	$ 1,200
Walden	615,360	—
Medical and Veterinary	136,300	136,300
Total	$ 752,860	$ 137,500

Amortization expense for amortized intangible assets was $97.3 million for the year ended June 30, 2022. There was no amortization expense for the years ended June 30, 2021 or 2020. Future intangible asset amortization expense, by reporting unit, is expected to be as follows (in thousands):

Fiscal Year		Walden
2023	$	61,239
2024		35,644
2025		11,220
2026		11,220
2027		1,394
Total	$	120,717

Curriculum is amortized on a straight-line basis. Student relationships is amortized based on the estimated retention of the students and giving consideration to the revenue and cash flow associated with these existing students.

Indefinite-lived intangible assets related to trade names and Title IV eligibility and accreditations 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.

Goodwill and indefinite-lived intangibles are not amortized, but are tested for impairment annually and when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. There were no triggering events in fiscal year 2022. Our annual testing date is May 31.

Adtalem has four reporting units that contained goodwill as of May 31, 2022. 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 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. In analyzing the results of operations and business conditions of all four reporting units, it was determined that a quantitative impairment analysis was not necessary for any reporting unit to determine if the carrying values of the reporting unit exceeded their fair values as of the May 31, 2022 annual impairment review date because it was determined to be more likely than not that fair value exceeded carrying value.

Adtalem has four reporting units that contained indefinite-lived intangible assets as of May 31, 2022. For indefinite-lived intangible assets, management first analyzes qualitative factors, including results of operations and business conditions of the four 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 four 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, 2022 annual impairment review date.

13. Debt

Long-term debt consisted of the following senior secured credit facilities (in thousands):

	June 30, 2022	June 30, 2021
Total debt:		
Senior Secured Notes due 2028	$ 405,882	$ 800,000
Term Loan B	453,333	—
Prior Term Loan B	—	291,000
Total principal payments due	859,215	1,091,000
Unamortized debt discount and issuance costs	(20,307)	(20,289)
Total amount outstanding	838,908	1,070,711
Less current portion:		
Prior Term Loan B	—	(3,000)
Noncurrent portion	$ 838,908	$ 1,067,711

Scheduled future maturities of long-term debt were as follows (in thousands):

Fiscal Year	Maturity Payments
2023	$ —
2024	—
2025	—
2026	—
2027	—
Thereafter	859,215
Total	$ 859,215

Senior Secured Notes due 2028

On March 1, 2021, Adtalem Escrow Corporation (the "Escrow Issuer"), a wholly-owned subsidiary of Adtalem, issued $800.0 million aggregate principal amount of 5.50% Senior Secured Notes due 2028 (the "Notes"), which mature on March 1, 2028, pursuant to an indenture, dated as of March 1, 2021 (the "Indenture"), by and between the Escrow Issuer and U.S. Bank National Association, as trustee and notes collateral agent. The Notes were sold within the U.S. only to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the U.S. to non-U.S. persons in reliance on Regulation S under the Securities Act.

The Escrow Issuer deposited the net proceeds of the offering, along with certain additional funds, into a segregated depositary account (the "Escrow Account"). On August 12, 2021, Adtalem used the net proceeds of the offering, along with other financing sources, to finance the purchase price paid in connection with the Walden acquisition, repay the then existing $291.0 million senior secured term loan B, and to pay related acquisition fees and expenses.

On August 12, 2021, the Escrow Issuer merged with and into Adtalem, with Adtalem continuing as the surviving corporation (the "Escrow Merger"), and Adtalem assumed all of the Escrow Issuer's obligations under the Notes, the Indenture, any supplemental indentures thereto, the applicable collateral documents, and the other applicable documents (the "Assumption") and subject to the satisfaction of certain other conditions, the net proceeds from the offering and the other additional funds were released from the Escrow Account to the Issuer or its designee. The term "Issuer" refers (a) prior to the Assumption, to the Escrow Issuer and (b) from and after the Assumption, to Adtalem.

The Notes were issued at 100.0% of their par value. The Notes bear interest at a rate of 5.50% per year, payable semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2021, to holders of record on the preceding February 15 and August 15, as the case may be. The Notes were initially the senior secured obligations of the Escrow Issuer, secured only by the amounts deposited in the Escrow Account. As of August 12, 2021, the Notes are guaranteed by certain of Adtalem's subsidiaries that are borrowers or guarantors under its senior secured credit facilities and certain of its other senior indebtedness, subject to certain exceptions (the "Guarantors"). As of August 12, 2021, the Notes are secured, subject to permitted liens and certain other exceptions, by first priority liens on the same collateral that secures the obligations under Adtalem's senior secured credit facilities.

At any time prior to March 1, 2024, the Issuer may redeem all or a part of the Notes at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus a make-whole premium set forth in the Indenture and accrued and unpaid interest, if any, to, but not including, the redemption date. The Issuer may redeem the Notes, in whole or in part, at any time on or after March 1, 2024 at redemption prices equal to 102.75%, 101.375% and 100% of the principal amount of the Notes redeemed if the redemption occurs during the twelve-month periods beginning on March 1 of the years 2024, 2025, and 2026 and thereafter, respectively, in each case plus accrued and unpaid interest, if any, thereon to, but not including, the applicable redemption date. In addition, at any time prior to March 1, 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes at a redemption price equal to 105.5% of the aggregate principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date, with the net cash proceeds the Issuer receives from one or more qualifying equity offerings.

In addition to the $800.0 million deposited in the Escrow Account, Adtalem was required to transfer an amount equal to the accrued interest related to the Notes on a monthly basis into the Escrow Account. The funds held in the Escrow Account to fund the Walden acquisition of $818.6 million was recorded within restricted cash on the Consolidated Balance Sheets as of June 30, 2021 and was not available to Adtalem for general corporate purposes.

On April 11, 2022, we repaid $373.3 million of Notes at a price equal to 100% of the principal amount of the Notes. During June 2022, we repurchased on the open market an additional $20.8 million of Notes at a price equal to approximately 90% of the principal amount of the Notes, resulting in a gain on extinguishment of debt of $2.1 million recorded within interest expense in the Consolidated Statements of Income (Loss) for the year ended June 30, 2022. This debt was subsequently retired.

Accrued interest on the Notes of $7.4 million and $14.7 million is recorded within accrued liabilities on the Consolidated Balance Sheets as of June 30, 2022 and 2021, respectively.

Credit Facility

On February 12, 2021, Adtalem placed a $850.0 million senior secured term loan ("Term Loan B") into the loan market to provide future funding for the Walden acquisition. For 30 days beginning on March 15, 2021, Adtalem began accruing ticking fees at 50% of the applicable 4.5% margin. Beginning on April 14, 2021 and until the closing date of the Term Loan B, Adtalem accrued ticking fees at a rate equal to LIBOR plus a 4.5% margin, subject to a LIBOR floor of 0.75%. Accrued ticking fees of $11.3 million is recorded within accrued liabilities on the Consolidated Balance Sheets as of June 30, 2021. All ticking fees were paid at the time of the Term Loan B closing date, on August 12, 2021, and are recorded within interest expense as accrued in the Consolidated Statements of Income (Loss).

On August 12, 2021, Adtalem replaced the Prior Credit Facility and Prior Credit Agreement (as defined below) by entering into its new credit agreement (the "Credit Agreement") that provides for (1) a $850.0 million senior secured term loan with a maturity date of August 12, 2028 and (2) a $400.0 million senior secured revolving loan facility ("Revolver") with a maturity date of August 12, 2026. We refer to the Term Loan B and Revolver collectively as the "Credit Facility." The Revolver has availability for letters of credit and currencies other than U.S. dollars of up to $400.0 million.

Term Loan B

Borrowings under the Term Loan B bear interest at Adtalem's option at a rate per annum equal to LIBOR, subject to a LIBOR floor of 0.75%, plus an applicable margin ranging from 4.00% to 4.50% for eurocurrency term loan borrowings or 3.00% to 3.50% for alternative base rate ("ABR") borrowings depending on Adtalem's net first lien leverage ratio for such period. As of June 30, 2022, the interest rate for borrowings under the Term Loan B facility was 5.60%, which approximated the effective interest rate. The proceeds of the Credit Facility were used, among other things, to finance the Walden acquisition, refinance Adtalem's Prior Credit Agreement (as defined below), pay fees and expenses related to the Walden acquisition, and in the case of the Revolver, to finance ongoing working capital and for general corporate purposes. The Term Loan B originally required quarterly installment payments of $2.125 million beginning on March 31, 2022. On

March 11, 2022, we made a prepayment of $396.7 million on the Term Loan B. With this prepayment, we are no longer required to make quarterly installment payments.

Interest on our Term Loan B and the Revolver is set based on LIBOR, which is based on observable market transactions. The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that no new contracts referencing LIBOR are allowed. In addition, publication of one-week and two-month LIBOR rates ceased on December 31, 2021; however, all other LIBOR tenors will be published through June 30, 2023. Various parties, including government agencies, are seeking to identify an alternative rate to replace LIBOR. Management is monitoring their efforts. The Credit Agreement provides guidance surrounding the implementation of a replacement benchmark rate, however the specific replacement benchmark rate has not been identified. We expect to amend the Credit Agreement during fiscal year 2023 to transition from LIBOR to the Secured Overnight Financing Rate ("SOFR").

Revolver

Borrowings under the Revolver bear interest at a rate per annum equal to LIBOR, subject to a LIBOR floor of 0.75%, plus an applicable margin ranging from 3.75% to 4.25% for LIBOR borrowings or 2.75% to 3.25% for ABR borrowings depending on Adtalem's net first lien leverage ratio for such period.

Adtalem had a letter of credit outstanding of $84.0 million as of June 30, 2022, which was assumed by Adtalem on August 12, 2021 after acquiring Walden, in favor of the U.S. Department of Education ("ED"), which allows Walden to participate in Title IV programs. As of June 30, 2022, Adtalem is charged an annual fee equal to 3.75% and a 0.125% fronting fee, of the undrawn face amount of the outstanding letter of credit under the Revolver, payable quarterly. The Credit Agreement also requires payment of a commitment fee equal to 0.25% as of June 30, 2022, of the undrawn portion of the Revolver. The amount undrawn under the Revolver, which includes the impact of the outstanding letter of credit, was $316.0 million as of June 30, 2022. The letter of credit fees and commitment fees are adjustable quarterly, based upon Adtalem's achievement of certain financial ratios. On July 14, 2022, the $84.0 million letter of credit under our Credit Facility was released due to Adtalem executing a surety-backed letter of credit for the same amount in favor of ED. Therefore, the amount undrawn under the Revolver was $400.0 million as of the filing date of this Annual Report on Form10-K.

Adtalem had a letter of credit outstanding of $68.4 million as of June 30, 2021, which was posted in the second quarter of fiscal year 2017 in relation to a settlement with the Federal Trade Commission ("FTC") and required the letter of credit to be equal to the greater of 10% of DeVry University's annual Title IV disbursements or $68.4 million for a five-year period. Adtalem continued to post the letter of credit in relation to the settlement with the FTC on behalf of DeVry University and was reimbursed by DeVry University for 2.00% of the outstanding amount of this letter of credit. This letter of credit expired during the second quarter of fiscal year 2022 and is no longer outstanding as of June 30, 2022.

Prior Credit Agreement

On April 13, 2018, Adtalem entered into a credit agreement (the "Prior Credit Agreement") that provided for (1) a $300.0 million senior secured term loan ("Prior Term Loan B") which was set to mature on April 13, 2025 and (2) a $300.0 million revolving facility ("Prior Revolver"), which was set to mature on April 13, 2023. We refer to the Prior Term Loan B and Prior Revolver collectively as the "Prior Credit Facility."

Prior Term Loan B

For eurocurrency rate loans, Prior Term Loan B interest is equal to LIBOR or a LIBOR-equivalent rate plus 3%. For base rate loans, Prior Term Loan B interest is equal to the base rate plus 2%. The Prior Term Loan B required quarterly installment payments of $750,000, with the balance due at maturity on April 13, 2025. As of June 30, 2021, the interest rate for borrowings under the Prior Term Loan B facility was 3.10%, which approximated the effective interest rate.

On March 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement (the "Swap") with a multinational financial institution to mitigate risks associated with the variable interest rate on our Prior Term Loan B debt. We paid interest at a fixed rate of 0.946% and received variable interest of one-month LIBOR (subject to a minimum of 0.00%), on a notional amount equal to the amount outstanding under the Prior Term Loan B. The effective date of the

Swap was March 31, 2020 and settlements with the counterparty occurred on a monthly basis. The Swap was set to terminate on February 28, 2025.

During the operating term of the Swap, the annual interest rate on the amount of the Prior Term Loan B was fixed at 3.946% (including the impact of the 3% interest rate margin on LIBOR loans) for the applicable interest rate period.

The Swap was designated as a cash flow hedge and as such, changes in its fair value were recognized in accumulated other comprehensive loss on the Consolidated Balance Sheets and are reclassified into the Consolidated Statements of Income (Loss) within interest expense in the periods in which the hedged transactions affected earnings.

On July 29, 2021, prior to refinancing our Credit Agreement (as discussed above), we settled and terminated the Swap for $4.5 million, which resulted in a charge to interest expense for the year ended June 30, 2022.

Prior Revolver

Prior Revolver interest is equal to LIBOR or a LIBOR-equivalent rate for eurocurrency rate loans or a base rate, plus an applicable margin based on Adtalem's consolidated leverage ratio, as defined in the Prior Credit Agreement. The applicable margin ranges from 1.75% to 2.75% for eurocurrency rate loans and from 0.75% to 1.75% for base rate loans. There were no outstanding borrowings under the Prior Revolver as of June 30, 2021.

Debt Discount and Issuance Costs

The Term Loan B was issued at a price of 99% of its principal amount, resulting in an original issue discount of 1%. The debt discount and issuance costs related to the Notes and Term Loan B are capitalized and presented as a direct deduction from the face amount of the debt, while the debt issuance costs related to the Revolver are classified as other assets, net on the Consolidated Balance Sheets. The debt discount and issuance costs are amortized as interest expense over seven years for the Notes and Term Loan B and over five years for the Revolver. The remaining $6.0 million of unamortized debt issuance costs related to the Prior Credit Facility and the $10.3 million of debt issuances costs associated with an unused bridge facility, which was in place should the permanent financing not have been obtained, were expensed in interest expense in the Consolidated Statements of Income (Loss) for the year ended June 30, 2022. In addition, based on the $396.7 million prepayment on the Term Loan B and $394.1 million prepayment on the Notes, we expensed $12.5 million and $6.8 million, respectively, in interest expense in the Consolidated Statements of Income (Loss) for the year ended June 30, 2022, which was the proportionate amount of the remaining unamortized debt discount and issuance costs related to the Term Loan B and Notes as of the prepayment dates. The following table summarizes the unamortized debt discount and issuance costs activity for fiscal year 2022 (in thousands):

	Notes	Term Loan B	Bridge	Revolver	Prior Term Loan B	Prior Revolver	Total
Unamortized debt discount and issuance costs as of June 30, 2021	$ 15,548	$ —	$ —	$ —	$ 4,741	$ 1,502	$ 21,791
Payment of debt discount and issuance costs	—	29,078	10,329	10,146	—	—	49,553
Amortization of debt discount and issuance costs	(2,052)	(3,025)	—	(1,763)	(145)	(98)	(7,083)
Debt discount and issuance costs write-off	(6,771)	(12,471)	(10,329)	—	(4,596)	(1,404)	(35,571)
Unamortized debt discount and issuance costs as of June 30, 2022	$ 6,725	$ 13,582	$ —	$ 8,383	$ —	$ —	$ 28,690

Interest Expense

The components of interest expense were as follows (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Notes interest expense	$ 39,371	$ 14,667	$ —
Term Loan B interest expense	33,413	—	—
Term Loan B ticking fees	5,330	11,263	—
Prior Term Loan B interest expense	1,272	9,311	16,685
Term Loan B debt discount and issuance costs write-off	12,471	—	—
Notes issuance costs write-off	6,771	—	—
Gain on extinguishment of debt	(2,072)	—	—
Unused bridge fee	10,329	—	—
Prior Credit Facility issuance costs write-off	6,000	—	—
Swap settlement	4,525	—	—
Amortization of debt discount and issuance costs	7,083	2,657	1,566
Other	4,855	3,467	1,259
Total interest expense	$ 129,348	$ 41,365	$ 19,510

Covenants and Guarantees

The Credit Agreement and Notes contain 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.

Under the terms of the Credit Agreement, beginning on the fiscal quarter ending December 31, 2021 and through December 31, 2023, Adtalem is required to maintain a Total Net Leverage Ratio of equal to or less than 4.00 to 1.00, which requirement reduces to 3.25 to 1.00 for the fiscal quarter ending March 31, 2024 and thereafter. The Total Net Leverage Ratio under the Credit Agreement is defined as the ratio of (a) the aggregate principal amount of Consolidated Debt (as defined in the Credit Agreement) of Adtalem and its subsidiaries as of the last day of the most recently ended Test Period (as defined in the Credit Agreement) *minus* Unrestricted Cash (as defined in the Credit Agreement) and Permitted Investments (as defined in the Credit Agreement) of the Borrower and its subsidiaries for such Test Period to (b) EBITDA (as defined in the Credit Agreement) for such Test Period. EBITDA for purposes of these restrictive covenants includes incremental adjustments beyond those included in traditional EBITDA calculations. Specifically, the Credit Agreement EBITDA definition includes the pro forma impact of EBITDA to be received from certain acquisition-related synergies and cost optimization activities, subject to a 20% cap.

Obligations under the Credit Agreement are secured by a first-priority lien on substantially all of the assets of Adtalem and certain of its domestic wholly owned subsidiaries (the "Subsidiary Guarantors"), which Subsidiary Guarantors also guarantee the obligations of Adtalem under the Credit Agreement, subject to certain exceptions. The Credit Agreement contains customary affirmative and negative covenants customary for facilities of its type, which, among other things, generally limit (with certain exceptions): mergers, amalgamations, or consolidations; the incurrence of additional indebtedness (including guarantees); the incurrence of additional liens; the sale, assignment, lease, conveyance or transfer of assets; certain investments; dividends and stock redemptions or repurchases in excess of certain amounts; transactions with affiliates; engaging in materially different lines of business; payments and modifications of indebtedness or the governing documents of Adtalem or any Subsidiary Guarantor; and other activities customarily restricted in such agreements.

The Credit Agreement contains customary events of default for facilities of this type. If an event of default under the Credit Agreement occurs and is continuing, the commitments thereunder may be terminated and the principal amount outstanding thereunder, together with all accrued and unpaid interest and other amounts owed thereunder, may be declared immediately due and payable.

The Term Loan B requires mandatory prepayments equal to the net cash proceeds from an asset sale or disposition which is not reinvested in assets within one-year from the date of disposition if the asset sale or disposition is in excess of $20.0 million, among other mandatory prepayment terms (see the Credit Agreement, as filed under Form 8-K dated August 12, 2021, for additional information and term definitions). With the $396.7 million payment on March 11, 2022 on the Term Loan B and the $394.1 million prepayment on the Notes during the fourth quarter of fiscal year 2022, we believe we will satisfy the mandatory prepayment requirement resulting from the sale proceeds received from the sale of the Financial Services segment. No other mandatory prepayments have been required or made since the execution of the Credit Agreement.

The Notes contain covenants that limit the ability of the Issuer and each of the Guarantors to incur or guarantee additional debt or issue disqualified stock or preferred stock; pay dividends and make other distributions on, or redeem or repurchase, capital stock; make certain investments; incur certain liens; enter into transactions with affiliates; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; create certain restrictions on the Guarantors to make dividends or other payments to Adtalem; designate restricted subsidiaries as unrestricted subsidiaries; and transfer or sell certain assets. These covenants are subject to a number of important exceptions and qualifications. The Indenture and the Notes also provide for certain customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the Notes to become or be declared due and payable or would allow the trustee or the holders of at least 25% in principal amount of the then outstanding Notes to declare the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable by notice in writing to the Issuer and, upon such declaration, such principal and accrued and unpaid interest, if any, will be due and payable immediately.

Adtalem was in compliance with the debt covenants related to the Credit Agreement and the Notes covenants as of June 30, 2022.

14. Redeemable Noncontrolling Interest

Prior to the third quarter of fiscal year 2022, Adtalem maintained a 69% ownership interest in EduPristine with the remaining 31% owned by Kaizen Management Advisors ("Kaizen"), an India-based private equity firm. Beginning on March 26, 2020, Adtalem has had the right to exercise a call option and purchase any remaining EduPristine stock from Kaizen. Likewise, Kaizen has had 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 had the right to exercise a put option and sell its remaining ownership interest in EduPristine to Adtalem. During fiscal year 2022, Adtalem purchased the remaining ownership interest in EduPristine from Kaizen for $1.8 million, resulting in Adtalem owning 100% of EduPristine. Subsequently, Adtalem sold EduPristine in its entirety (see Note 4 "Discontinued Operations and Assets Held for Sale" for additional information).

Since the put option was out of the control of Adtalem, authoritative guidance required the redeemable noncontrolling interest, which included the value of the put option, to be displayed outside of the equity section of the Consolidated Balance Sheets. The adjustment to increase or decrease the put option to its expected redemption value each reporting period was recorded in retained earnings in accordance with GAAP.

The following table shows the changes in redeemable noncontrolling interest balance (in thousands):

	Year Ended June 30,	
	2022	2021
Balance at beginning of period	$ 1,790	$ 2,852
Net loss attributable to redeemable noncontrolling interest	—	(434)
Decrease in redemption value of noncontrolling interest put option	—	(628)
Payment for purchase of redeemable noncontrolling interest of subsidiary	(1,790)	—
Balance at end of period	$ —	$ 1,790

15. Share Repurchases

Open Market Share Repurchase Programs

On November 8, 2018, we announced that the Board authorized Adtalem's eleventh share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The eleventh share repurchase program commenced in January 2019 and was completed in January 2021. On February 4, 2020, we announced that the Board authorized Adtalem's twelfth share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem's thirteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of its common stock through February 25, 2025. Adtalem made share repurchases under its share repurchase programs as follows (in thousands, except shares and per share data):

	Year Ended June 30, 2022	Year Ended June 30, 2021	Life-to-Date Current Share Repurchase Program
Total number of share repurchases	—	2,929,906	—
Total cost of share repurchases	$ —	$ 100,000	$ —
Average price paid per share	$ —	$ 34.13	$ —

As of June 30, 2022, $300.0 million of authorized share repurchases were remaining under the current share repurchase program. Repurchases under our share repurchase programs were suspended on March 12, 2020 due to the economic uncertainty caused by the COVID-19 pandemic. In November 2020, Adtalem resumed repurchases under its share repurchase programs. Repurchases were suspended in May 2021 after achieving management's target of $100.0 million in repurchases for fiscal year 2021. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors. These repurchases may be made through the open market, including block purchases, in private negotiated transactions, or otherwise. Repurchases 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.

ASR Agreement

On March 14, 2022, we entered into an ASR agreement to repurchase $150.0 million of common stock. We received an initial delivery of 4,709,576 shares of common stock representing approximately 80% of the total shares expected to be delivered at the time of executing the ASR based on the per share price on the day prior to the execution date. This initial delivery of shares has reduced the weighted-average number of shares of common stock outstanding for basic and diluted earnings per share calculations. The final number of shares to be repurchased will be based on the average of the daily volume-weighted average price of Adtalem's common stock during the term of the ASR agreement, less a discount and subject to adjustments pursuant to the terms of the ASR agreement. The final settlement of the ASR agreement is expected to be completed no later than during the second quarter of fiscal year 2023 in accordance with the contractual completion date. At settlement, our counterparty may be required to deliver additional shares of common stock to us, or, under certain circumstances, we may be required to deliver shares of our common stock or may elect to make a cash payment to our counterparty.

We recorded the $150.0 million purchase price of the ASR as a reduction to shareholders' equity, consisting of a $120.0 million increase in common stock held in treasury and a $30.0 million reduction in additional paid-in capital, which represented an equity forward contract, on the Consolidated Balance Sheets as of June 30, 2022.

16. Accumulated Other Comprehensive Loss

The following table shows the changes in accumulated other comprehensive loss by component (in thousands):

	Year Ended June 30, 2022	2021	2020
Foreign currency translation adjustments			
Beginning balance	$ (670)	$ (1,383)	$ (137,389)
Gain (loss) on foreign currency translation	59	713	(157,354)
Reclassification from other comprehensive income	(349)	—	293,360
Ending balance	$ (960)	$ (670)	$ (1,383)
Available-for-sale marketable securities			
Beginning balance, gross	$ —	$ 242	$ 131
Beginning balance, tax effect	—	(59)	(32)
Beginning balance, net of tax	—	183	99
Unrealized (loss) gain on available-for-sale marketable securities	—	(75)	111
Tax effect	—	18	(27)
Reclassification from other comprehensive income	—	(126)	—
Ending balance	$ —	$ —	$ 183
Interest rate swap			
Beginning balance, gross	$ (8,926)	$ (10,399)	$ —
Beginning balance, tax effect	2,231	2,544	—
Beginning balance, net of tax	(6,695)	(7,855)	—
Unrealized gain (loss) on interest rate swap	—	1,473	(10,399)
Tax effect	—	(313)	2,544
Reclassification from other comprehensive income	6,695	—	—
Ending balance	$ —	$ (6,695)	$ (7,855)
Total ending balance	$ (960)	$ (7,365)	$ (9,055)

17. 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, which are administered by the Compensation Committee of the Board. Under these plans, directors, key executives, and managerial employees are eligible to receive incentive or nonqualified stock options to purchase shares of Adtalem's common stock and 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 grants will be issued under this plan. We issue options generally with a four-year graduated vesting from the grant date and expire ten years from the grant date. 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 unvested awards in the period they occur.

As of June 30, 2022, 3,123,978 shares were authorized for issuance but not issued or subject to outstanding awards under Adtalem's stock-based incentive plans.

The following is a summary of options activity for the year ended June 30, 2022:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of July 1, 2021	1,561,049	$ 32.05		
Granted	181,825	37.00		
Exercised	(416,045)	21.34		
Forfeited	(132,807)	40.11		
Expired	(49,650)	41.87		
Outstanding as of June 30, 2022	1,144,372	35.36	6.3	$ 2,979
Exercisable as of June 30, 2022	725,912	$ 34.67	5.1	$ 2,371

The total intrinsic value of options exercised for the years ended June 30, 2022, 2021, and 2020 was $6.9 million, $1.1 million, and $1.2 million, respectively. The tax benefit from options exercised for the years ended June 30, 2022, 2021, and 2020 was $1.8 million, $0.3 million, and $0.3 million, respectively.

The fair value of Adtalem's options 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 for the years ended June 30, 2022, 2021, and 2020 was $14.72, $12.23, and $16.98, per share, respectively. The fair value of Adtalem's option grants was estimated assuming the following weighted-average assumptions:

	Fiscal Year		
	2022	2021	2020
Expected life (in years)	6.56	6.54	6.51
Expected volatility	39.99 %	39.27 %	37.66 %
Risk-free interest rate	0.94 %	0.45 %	1.40 %
Dividend yield	0.00 %	0.00 %	0.00 %

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.

During fiscal year 2022, Adtalem granted 750,192 RSUs to selected employees and directors. Of these, 235,351 were performance-based RSUs and 514,841 were non-performance-based RSUs. We issue performance-based RSUs generally with a three-year cliff vest from the grant date. The final number of shares issued under performance-based RSUs is based on consolidated return on invested capital and free cash flow per share metrics and approved by the Compensation Committee of the Board. We issue non-performance-based RSUs generally with a four-year graduated vesting from the grant date. We also regularly issue RSUs to our Board members with a one-year cliff vest from the grant date. 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, 2022:

	Number of RSUs	Weighted-Average Grant Date Fair Value
Outstanding as of July 1, 2021	888,005	$ 35.84
Granted	750,192	35.03
Vested	(288,050)	37.66
Forfeited	(178,455)	34.70
Outstanding as of June 30, 2022	1,171,692	$ 35.05

The weighted-average estimated grant date fair values of RSUs granted at market price under Adtalem's stock-based incentive plans for the years ended June 30, 2022, 2021, and 2020 were $35.03, $31.26, and $42.22, per share, respectively.

Stock-based compensation expense, which is primarily included in student services and administrative expense, and the related income tax benefit were as follows (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Stock-based compensation	$ 22,611	$ 12,824	$ 13,878
Income tax benefit	(3,658)	(2,824)	(4,463)
Stock-based compensation, net of tax	$ 18,953	$ 10,000	$ 9,415

As of June 30, 2022, $19.3 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 2.4 years. The total fair value of options and RSUs vested during the years ended June 30, 2022, 2021, and 2020 was $15.2 million, $17.3 million, and $14.5 million, respectively. There was no capitalized stock-based compensation cost as of each of June 30, 2022 and 2021. Adtalem issues new shares of common stock to satisfy options exercises and RSU vestings.

18. Employee Benefit Plans

401(k) Retirement Plan

All U.S. employees who meet certain eligibility requirements can participate in Adtalem's 401(k) Retirement Plan. Effective January 1, 2020, Adtalem makes a matching employer contribution into the 401(k) Retirement Plan of 100% up to the first 6% of the participant's eligible compensation and eliminated future discretionary contributions. Prior to January 1, 2020, Adtalem made matching employer contributions into the 401(k) Retirement Plan of 100% up to the first 4% of the participant's eligible compensation and made discretionary contributions in an amount determined annually. Expenses for the matching and discretionary contributions under the plan were $18.4 million, $12.0 million, and $9.5 million for the years ended June 30, 2022, 2021, and 2020, respectively.

Colleague Stock Purchase Plan

Under provisions of Adtalem's current Colleague Stock Purchase Plan, any eligible employee may authorize Adtalem to withhold up to $25,000 of annual wages to purchase common stock of Adtalem. Adtalem implemented a new Colleague Stock Purchase Plan approved by stockholders at Adtalem's annual meeting of stockholders held on November 6, 2019 which allows for the issuance of 500,000 shares. Currently, employees can purchase Adtalem's common stock at 90% of the prevailing market price on the purchase date. Adtalem subsidizes the remaining 10% and pays all brokerage commissions and administrative fees associated with the plan. These expenses were insignificant for the years ended June 30, 2022, 2021, and 2020. Total shares issued under the plans were 18,328, 8,857, and 705 for the years ended June 30, 2022, 2021, and 2020, respectively. These plans are 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.

Nonqualified Deferred Compensation Plan

Adtalem has a nonqualified deferred compensation ("NDCP") plan for highly compensated employees and its Board members. The plan allows participants to make tax-deferred contributions that cannot be made under the 401(k) Retirement Plan because of Internal Revenue Service limitations. The plan permits the deferral of up to 50% of a participant's salary and up to 100% of a participant's bonus or board fee. Adtalem currently matches up to 6% of the total eligible compensation of participants who make contributions under the plan. Amounts contributed and deferred under the plan are credited or charged with the performance of investment options offered under the plan as elected by the participants. The participant's "investments" are in a hypothetical portfolio of investments which are tracked by an administrator. Total liabilities under the NDCP plan included in accrued liabilities on the Consolidated Balance Sheets as of June 30, 2022 and 2021 were $16.3 million and $20.3 million, respectively. The increase or decrease in the fair value of the liabilities under the NDCP plan is included in student services and administrative expense in the Consolidated Statements of Income (Loss).

We have elected to fund our NDCP plan obligations through a rabbi trust. The rabbi trust is subject to creditor claims in the event of insolvency, but the assets held in the rabbi trust are not available for general corporate purposes. Amounts in the rabbi trust are placed in investments whose performance is generally consistent with the investments chosen by participants under their NDCP plan accounts, which are designated as trading securities and carried at fair value. The fair value of the investments in the rabbi trust included in prepaid expenses and other current assets on the Consolidated Balance Sheets as of June 30, 2022 and 2021 was $17.8 million and $20.6 million, respectively. For the year ended June 30, 2022, we recorded trading gains and losses in student services and administrative expense in the Consolidated Statements of Income (Loss). For the years ended June 30, 2021 and 2020, we recorded trading gains and losses in investment gain in the Consolidated Statements of Income (Loss).

19. 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 – Observable inputs other than prices included in Level 1, such as 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 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.

The carrying value of our cash and cash equivalents approximates fair value because of their short-term nature and is classified as Level 1.

Adtalem maintains a rabbi trust with investments in stock and bond mutual funds to fund obligations under a nonqualified deferred compensation plan. The fair value of the investments in the rabbi trust included in prepaid expenses and other current assets on the Consolidated Balance Sheets as of June 30, 2022 and 2021 was $17.8 million and $20.6 million, respectively. These investments are recorded at fair value based upon quoted market prices using Level 1 inputs.

The fair value of the credit extension programs, which approximates its carrying value, included in accounts receivable, net and other assets, net on the Consolidated Balance Sheets as of June 30, 2022 and 2021 of $27.5 million and $29.2 million, respectively, is estimated by discounting the future cash flows using current rates for similar arrangements and is classified as Level 2. See Note 9 "Accounts Receivable and Credit Losses" for additional information on these credit extension programs.

In connection with the sale of DeVry University, Adtalem loaned $10.0 million to DeVry University under the terms of the DeVry Note. The DeVry Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan repayment of $10.0 million during the third quarter of fiscal year 2022. The fair value of the DeVry Note approximated its carrying value of $10.0 million as of June 30, 2021. The carrying value is included in prepaid expenses and other current assets on the Consolidated Balance Sheets as of June 30, 2021. Fair value is estimated by discounting the future cash flows using an average of current rates for similar arrangements, which is estimated at 4% per annum and is classified as Level 2.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep. In connection with the sale, Adtalem holds a mortgage from DePaul College Prep for $46.8 million. The mortgage is due on July 31, 2024 as a balloon payment and bears interest at a rate of 4% per annum, payable monthly. The carrying value of the DePaul College Prep loan receivable, which approximates its fair value, included in other assets, net on the Consolidated Balance Sheets as of June 30, 2022 and 2021 was $44.0 million and $42.7 million, respectively. Fair value is estimated by discounting the future cash flows using an average of current rates for similar arrangements, which is estimated at 7% per annum and is classified as Level 2.

Adtalem has a nonqualified deferred compensation plan for highly compensated employees and its Board members. The participant's "investments" are in a hypothetical portfolio of investments which are tracked by an administrator. Changes in the fair value of the nonqualified deferred compensation obligation are derived using quoted prices in active markets based on the market price per unit multiplied by the number of units. Total liabilities under the plan included in accrued liabilities on the Consolidated Balance Sheets as of June 30, 2022 and 2021 were $16.3 million and $20.3 million, respectively. The fair value of the nonqualified deferred compensation obligation is classified as Level 2 because their inputs are derived principally from observable market data by correlation to the hypothetical investments.

As of June 30, 2022 and 2021, borrowings under our long-term debt agreements were $859.2 million and $1,091.0 million, respectively. The fair value of the Notes was $363.7 million as of June 30, 2022, which is based upon quoted market prices and is classified as Level 1. The fair value of the Term Loan B was $432.1 million as of June 30, 2022, which is based upon quoted market prices in a non-active market and is classified as Level 2. See Note 13 "Debt" for additional information on our long-term debt agreements.

On March 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement with a multinational financial institution to fully mitigate risks associated with the variable interest rate on our Prior Term Loan B debt with an effective date of March 31, 2020. The fair value of our Swap was based in part on data received from the counterparty, and represented the estimated amount we would receive or pay to settle the Swap, taking into consideration current and projected future interest rates as well as the creditworthiness of the counterparty, all of which can be validated through readily observable data from external sources, in which case the measurements are classified within Level 2. The fair value of the Swap was represented within other liabilities on the Consolidated Balance Sheets with a balance of $8.9 million as of June 30, 2021. On July 29, 2021, prior to refinancing our Prior Credit Agreement, we settled and terminated the Swap for $4.5 million, which resulted in a charge to interest expense for the year ended June 30, 2022. See Note 13 "Debt" for additional information on the Swap.

As of June 30, 2022 and 2021, there were no assets or liabilities measured at fair value using Level 3 inputs.

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, 2022. See Note 12 "Goodwill and Intangible Assets" for additional information on the impairment review, including valuation techniques and assumptions.

20. Commitments and Contingencies

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, 2022, 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. We have recorded accruals for those matters where management believes a loss is probable and can be reasonably estimated as of June 30, 2022. For those matters for which we have not recorded an accrual, 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 April 13, 2018, a putative class action lawsuit was filed by Nicole Versetto, individually and on behalf of others similarly situated, against Adtalem, DeVry University Inc., and DeVry/New York Inc. (collectively 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 claimed 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 sought 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 plaintiff later filed an amended complaint asserting similar claims with a new lead plaintiff, Dave McCormick. After discussions among the parties, the court granted a Motion for Preliminary Approval of Class Action Settlement (the "McCormick Settlement") on May 28, 2020. In conjunction with the McCormick Settlement, Adtalem was required to establish a settlement fund by placing $44.95 million into an escrow account, which is recorded within prepaid expenses and other current assets on the Consolidated Balance Sheets as of each of June 30, 2022 and 2021. Adtalem management determined a loss contingency was probable and reasonably estimable. As such, we also recorded a loss contingency accrual of $44.95 million on the Consolidated Balance Sheets as of June 30, 2020 and charged the contingency loss within discontinued operations in the Consolidated Statements of Income (Loss) for the year ended June 30, 2020. As of June 30, 2020, we had anticipated the potential payments related to this loss contingency to be made from the escrow account during fiscal year 2021. We now anticipate the potential payments related to this loss contingency to be made from the escrow account during fiscal year 2023. This loss contingency estimate could differ from actual results and result in additional charges or reversals in future periods. The court issued an order approving the McCormick Settlement on October 7, 2020 and dismissed the action with prejudice. On November 2, 2020, Stoltmann Law Offices filed on behalf of Jose David Valderrama ("Valderrama"), a class member who objected to the terms of the McCormick Settlement, a notice of appeal of the court's order approving the McCormick Settlement. On November 5, 2020, Richardo Peart ("Peart"), another class member who objected to the terms of the McCormick Settlement, filed a similar notice of appeal. Those appeals were consolidated before the Appellate Court of Illinois, First District and fully briefed. The Appellate Court agreed to stay Valderrama's and Peart's appeals of the McCormick Settlement pending the outcome of mediation involving the objections to the McCormick Settlement. The objections were not resolved at a mediation on February 1, 2022. Valderrama's objection was withdrawn as part of the Stoltmann settlement discussed below. Peart's objection remained pending a decision by the Appellate Court. On May 4, 2022, the Appellate Court denied Peart's objection and affirmed the Circuit Court of Cook County's approval of the McCormick Settlement. Adtalem settled with Peart and the McCormick Settlement is now final. The Circuit Court of Cook County is in the process of administering the $44.95 million settlement fund.

In addition to Valderrama, Stoltmann Law Offices represented 552 individuals ("Stoltmann Claimants") who opted out of the McCormick Settlement and filed claims with the Judicial Arbitration and Mediation Services, Inc. ("JAMS") alleging fraud-based claims based on DeVry University's graduate employment statistics.

On November 2, 2021, Adtalem and the Stoltmann Law Offices participated in a mediation to resolve the claims of the Stoltmann Claimants. Adtalem and the Stoltmann Law Offices have reached agreement on settlement terms ("Stoltmann Settlement"). The Adtalem Board of Directors approved the Stoltmann Settlement. The settlement amount, $20,375,000, was reduced by $75,000 for each of the Stoltmann Claimants that declined to participate in the settlement. Of Stoltmann's 552 Claimants, six declined to participate, reducing the settlement amount by $450,000. On February 28, 2022, Adtalem remitted $19,925,000 to the Stoltmann Laws Offices on behalf of the 546 participating Stoltmann Claimants. Of the six Stoltmann Claimants that declined to participate in the settlement, two voluntarily dismissed their arbitrations; one arbitration was stayed at the Claimant's request; and three Claimants have not recommenced their arbitrations.

On January 19, 2021, a putative class action was filed in the United States District Court for the Northern District of Ohio against Chamberlain by Tanesia Dean on behalf of herself and similarly situated students of Chamberlain. The complaint alleged breach of contract and unjust enrichment claims against Chamberlain related to its decision to transition all classes online in March 2020, in light of the global COVID-19 pandemic, without altering tuition or fees. The putative class was defined to include all students, nationwide, who paid tuition and fees during the following academic sessions: May 2020, July 2020, September 2020, November 2020, and January 2021. Plaintiff sought monetary relief exceeding $5 million, and attorneys' fees, costs, and expenses. On April 5, 2021, Chamberlain filed a motion to dismiss the complaint in its entirety. The motion to dismiss was granted in full on August 16, 2021 and the case was dismissed. On September 14, 2021, plaintiff filed an appeal in the Sixth Circuit asserting that the trial judge erred in dismissing plaintiff's complaint. On June 16, 2022 the Sixth Circuit affirmed the dismissal of the plaintiff's complaint. The plaintiff did not request a rehearing and has 90 days from June 16, 2022 to file a writ of certiorari with the U.S. Supreme Court.

On March 12, 2021, Travontae Johnson, a current student of Chamberlain, filed a putative class action against Chamberlain in the Circuit Court of Cook County, Illinois, Chancery Division. The plaintiff claims that Chamberlain's use of Respondus Monitor, an online remote proctoring tool for student examinations, violated the Illinois Biometric Information Privacy Act ("BIPA"), 740 ILCS 14/15. More particularly, the plaintiff claims that Chamberlain required students to use Respondus Monitor, which collected, captured, stored, used, and disclosed students' biometric identifiers and biometric information without written and informed consent. The plaintiff also alleges that Chamberlain lacked a legally compliant written policy establishing a retention schedule and guidelines for destroying biometric identifiers and biometric information. The potential class purportedly includes all students who took an assessment using the proctoring tool, as a student of Chamberlain in Illinois, at any time from March 12, 2016 through January 20, 2021. The plaintiff and the putative class seek damages in excess of $50,000, attorneys' fees and costs. The plaintiff and class also seek an unspecified amount of enhanced damages based on alleged negligent or reckless conduct by Chamberlain. On June 16, 2021, Chamberlain filed a motion to dismiss plaintiff's complaint. On June 29, 2021, plaintiff filed an amended complaint. On July 19, 2021, Chamberlain filed its motion to dismiss the amended complaint arguing that plaintiff's lawsuit is expressly preempted by Title V of the Gramm-Leach-Bliley Act. Chamberlain's motion is pending.

On July 22, 2021, plaintiffs Cheryl Burleigh and Chad Harris (both contributing faculty members at Walden) filed a class action complaint in the Superior Court of Alameda County, California alleging violations of California wage and hour laws by Walden and Laureate Education, Inc. The complaint alleges that Walden's "per assignment" pay scale results in uncompensated work time for plaintiffs and class members for time spent in trainings and meetings. Plaintiffs also allege that they were not paid for meal and rest breaks, that they were not reimbursed for necessary business expenses, that Walden did not provide wage statements as required by California state law, and that they were not paid wages due upon termination. Plaintiffs also allege derivative claims under California's Unfair Competition Law. The complaint seeks restitution including pay for uncompensated hours of work, unreimbursed business expenses and interest, liquidated damages, declaratory relief, injunctive relief, penalties, and attorney fees and costs. Walden and Laureate have filed a demurrer. On January 28, 2022, the parties agreed to settle the complaint for an immaterial amount, subject to the approval of the Superior Court of Alameda County, California. The Plaintiffs filed their motion for preliminary approval of the settlement on June 7, 2022. The Court issued a preliminary approval Order on July 26, 2022.

On January 12, 2022, Walden was served with a complaint filed in the United States District Court for the District of Maryland by Aljanal Carroll, Claudia Provost Charles, and Tiffany Fair against Walden for damages, injunctive relief, and declaratory relief on behalf of themselves and all other similarly-situated individuals alleging violations of Title VI of the Civil Rights Act of 1964, the Equal Credit Opportunity Act, the Minnesota Prevention of Consumer Fraud Act, the Minnesota Uniform Deceptive Trade Practices Act, Minnesota statutes prohibiting false statements in advertising, and for common law fraudulent misrepresentation. Plaintiffs allege that Walden has targeted, deceived, and exploited Black and female Doctor of Business Administration ("DBA") students by knowingly misrepresenting and understating the number of "capstone" credits required to complete the DBA program and obtain a degree. On March 23, 2022, Walden filed a Motion to Dismiss the Plaintiffs' claims for failure to state a claim upon which relief can be granted. This motion is fully briefed and we await a ruling by the court.

As previously disclosed, pursuant to the terms of the Stock Purchase Agreement by and between Adtalem and Cogswell, dated as of December 4, 2017, as amended, Adtalem sold DeVry University to Cogswell and Adtalem agreed to indemnify DeVry University for certain losses up to $340.0 million (the "Indemnification Cap"). Adtalem has previously disclosed DeVry University related matters that have consumed a portion of the Indemnification Cap.

21. Segment Information

During the first quarter of fiscal year 2022, Adtalem made a change to its reportable segments to align with current strategic priorities and resource allocation.

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when ACAMS, Becker, OCL, and EduPristine, were classified as discontinued operations. See Note 4 "Discontinued Operations and Assets Held for Sale" for additional information. Segment information presented excludes the results of the former Financial Services segment. Discontinued operations assets are included in the table below to reconcile to total consolidated assets presented on the Consolidated Balance Sheets. In addition, certain expenses previously allocated to ACAMS, Becker, OCL, and EduPristine within our former Financial Services segment during fiscal year 2021 and the first quarter of fiscal year 2022 were reclassified to Home Office and Other based on discontinued operations reporting guidance regarding allocation of corporate overhead. Beginning in the second quarter of fiscal year 2022, these costs are being allocated to the Chamberlain, Walden, and Medical and Veterinary segments.

We present three reportable segments as follows:

Chamberlain – Offers degree and non-degree programs in the nursing and health professions postsecondary education industry. This segment includes the operations of Chamberlain.

Walden – Offers more than 100 online certificate, bachelor's, master's, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden, which was acquired by Adtalem on August 12, 2021. See Note 3 "Acquisitions" for additional information on the acquisition.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of AUC, RUSM, and RUSVM, which are collectively referred to as the "medical and veterinary schools."

These segments are consistent with the method by which the Chief Operating Decision Maker (Adtalem's President and Chief Executive Officer) evaluates performance and allocates resources. Performance evaluations are based on each segment's operating income excluding special items. Operating income excludes special items, which consists of deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, Walden intangible asset amortization, and gain on sale of assets. Adtalem's management excludes these items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. "Home Office and Other" includes activities not allocated to a reportable 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 or at Home Office and Other. The accounting policies of the segments are the same as those described in Note 2 "Summary of Significant Accounting Policies."

Summary financial information by reportable segment is as follows (in thousands):

	Year Ended June 30, 2022	2021	2020
Revenue:			
Chamberlain	$ 557,536	$ 563,814	$ 511,655
Walden	485,393	—	—
Medical and Veterinary	344,193	343,087	354,772
Total consolidated revenue	$ 1,387,122	$ 906,901	$ 866,427
Operating income excluding special items:			
Chamberlain	$ 127,252	$ 128,851	$ 99,652
Walden	105,732	—	—
Medical and Veterinary	74,428	67,852	68,092
Home Office and Other	(36,092)	(40,189)	(38,773)
Total consolidated operating income excluding special items	271,320	156,514	128,971
Reconciliation to Consolidated Financial Statements:			
Deferred revenue adjustment	(8,561)	—	—
CEO transition costs	(6,195)	—	—
Restructuring expense	(25,628)	(6,869)	(23,683)
Business acquisition and integration expense	(53,198)	(31,593)	—
Walden intangible amortization expense	(97,274)	—	—
Gain on sale of assets	—	—	4,779
Total consolidated operating income	80,464	118,052	110,067
Net other (expense) income	(125,528)	(34,633)	94,919
Total consolidated (loss) income from continuing operations before income taxes	$ (45,064)	$ 83,419	$ 204,986
Segment assets:			
Chamberlain	$ 293,461	$ 484,110	$ 483,563
Walden	1,685,918	—	—
Medical and Veterinary	708,265	773,168	748,388
Home Office and Other	341,531	1,247,653	444,243
Discontinued Operations	—	579,912	581,864
Total consolidated assets	$ 3,029,175	$ 3,084,843	$ 2,258,058
Capital expenditures:			
Chamberlain	$ 15,235	$ 28,631	$ 19,920
Walden	5,393	—	—
Medical and Veterinary	3,277	4,121	5,414
Home Office and Other	7,149	7,129	14,271
Total consolidated capital expenditures	$ 31,054	$ 39,881	$ 39,605
Depreciation expense:			
Chamberlain	$ 18,547	$ 16,123	$ 14,869
Walden	9,255	—	—
Medical and Veterinary	13,890	14,431	14,195
Home Office and Other	2,882	3,334	3,214
Total consolidated depreciation expense	$ 44,574	$ 33,888	$ 32,278
Intangible asset amortization expense:			
Walden	$ 97,274	$ —	$ —
Total consolidated intangible asset amortization expense	$ 97,274	$ —	$ —

Adtalem conducts its educational operations in the U.S., Barbados, St. Kitts, and St. Maarten. Revenue and long-lived assets by geographic area are as follows (in thousands):

	Year Ended June 30,		
	2022	2021	2020
Revenue from unaffiliated customers:			
Domestic operations	$ 1,042,929	$ 563,814	$ 511,655
Barbados, St. Kitts, and St. Maarten	344,193	343,087	354,772
Total consolidated revenue	$ 1,387,122	$ 906,901	$ 866,427
Long-lived assets:			
Domestic operations	$ 289,129	$ 286,720	$ 273,368
Barbados, St. Kitts, and St. Maarten	178,792	164,337	185,362
Total consolidated long-lived assets	$ 467,921	$ 451,057	$ 458,730

No one customer accounted for more than 10% of Adtalem's consolidated revenue for all periods presented.

22. Quarterly Financial Data (Unaudited)

Summarized unaudited quarterly data for the years ended June 30, 2022 and 2021, are as follows (in thousands, except per share amounts):

	Quarter				
Year Ended June 30, 2022	First	Second	Third	Fourth	Total Year
Revenue	$ 289,070	$ 371,198	$ 365,623	$ 361,231	$ 1,387,122
Operating (loss) income	$ (22,063)	$ 24,734	$ 33,264	$ 44,529	$ 80,464
Amounts attributable to Adtalem:					
(Loss) income from continuing operations	$ (77,182)	$ 39,034	$ 5,857	$ 2,464	$ (29,827)
Income (loss) from discontinued operations	$ 19,178	$ (21,181)	$ 343,985	$ 5,550	$ 347,532
Net (loss) income attributable to Adtalem	$ (58,004)	$ 17,853	$ 349,842	$ 8,014	$ 317,705
Earnings (loss) per share attributable to Adtalem:					
Basic:					
Continuing operations	$ (1.55)	$ 0.78	$ 0.12	$ 0.05	$ (0.62)
Discontinued operations	$ 0.39	$ (0.43)	$ 7.03	$ 0.12	$ 7.18
Total basic (loss) earnings per share	$ (1.17)	$ 0.36	$ 7.15	$ 0.18	$ 6.57
Diluted:					
Continuing operations	$ (1.55)	$ 0.78	$ 0.12	$ 0.05	$ (0.62)
Discontinued operations	$ 0.39	$ (0.42)	$ 6.97	$ 0.12	$ 7.18
Total diluted (loss) earnings per share	$ (1.17)	$ 0.36	$ 7.09	$ 0.18	$ 6.57

Year Ended June 30, 2021	Quarter First	Second	Third	Fourth	Total Year
Revenue	$ 218,826	$ 234,396	$ 230,213	$ 223,466	$ 906,901
Operating income	$ 25,951	$ 29,064	$ 35,961	$ 27,076	$ 118,052
Amounts attributable to Adtalem:					
Income from continuing operations	$ 19,586	$ 23,941	$ 24,238	$ 2,565	$ 70,330
Income (loss) from discontinued operations	$ 344	$ (626)	$ 414	$ 6,447	$ 6,579
Net income attributable to Adtalem	$ 19,930	$ 23,315	$ 24,652	$ 9,012	$ 76,909
Earnings (loss) per share attributable to Adtalem:					
Basic:					
Continuing operations	$ 0.37	$ 0.46	$ 0.48	$ 0.05	$ 1.37
Discontinued operations	$ 0.01	$ (0.01)	$ 0.01	$ 0.13	$ 0.13
Total basic earnings per share	$ 0.38	$ 0.45	$ 0.49	$ 0.18	$ 1.50
Diluted:					
Continuing operations	$ 0.37	$ 0.46	$ 0.47	$ 0.05	$ 1.36
Discontinued operations	$ 0.01	$ (0.01)	$ 0.01	$ 0.13	$ 0.13
Total diluted earnings per share	$ 0.38	$ 0.44	$ 0.48	$ 0.18	$ 1.49

Adtalem Global Education Inc.
Schedule II
Valuation and Qualifying Accounts
Years Ended June 30, 2022, 2021, and 2020
(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, 2022					
Credit losses deducted from accounts and notes receivable	$ 28,391	$ 27,141	$ —	$ 9,744 (a)	$ 45,788
Valuation allowances deducted from deferred tax assets	4,985	5,522	—	117	10,390
Year Ended June 30, 2021					
Credit losses deducted from accounts and notes receivable	$ 24,430	$ 11,023	$ —	$ 7,062 (a)	$ 28,391
Valuation allowances deducted from deferred tax assets	5,147	(162)	—	—	4,985
Year Ended June 30, 2020					
Credit losses deducted from accounts and notes receivable	$ 12,726	$ 14,431	$ —	$ 2,727 (a)	$ 24,430
Valuation allowances deducted from deferred tax assets	5,583	(436)	—	—	5,147

(a) Write-offs of uncollectable amounts and cash recoveries.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of Adtalem's management, Adtalem's Chief Executive Officer and Chief Financial Officer have concluded that Adtalem's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of June 30, 2022 to ensure that information required to be disclosed by Adtalem in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and (ii) 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, 2022, 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, 2022, its internal control over financial reporting was effective based upon these criteria.

The effectiveness of Adtalem's internal control over financial reporting as of June 30, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their attestation report included herein.

Changes in Internal Control Over Financial Reporting

During fiscal year 2022, Adtalem completed is acquisition of Walden on August 12, 2021 (the "Acquired Company"). See Note 3 "Acquisitions") to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for a discussion of the acquisition and related financial data. Adtalem is currently in the process of integrating the Acquired Company's internal controls over financial reporting. Except for the inclusion of the Acquired Company, there has been no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2022 that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Due to COVID-19, a significant amount of institution and home office administrative operations continue to be delivered and performed remotely. These remote work arrangements have not adversely affected, and are not reasonably likely to adversely affect, Adtalem's ability to maintain operations, financial reporting systems, internal control over financial reporting, or disclosure controls and procedures.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required 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 9, 2022 (the "Proxy Statement"). The information required by Item 10 with respect to Executive Officers is set forth in "Information About Our Executive Officers" at the end of Part I of this Annual Report on Form 10-K.

The information required 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 required 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 required 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 required 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 required 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 required 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 required 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

(a) The following documents are filed as part of this report:

1. Financial Statements

Consolidated Financial Statements filed as part of this report are listed under Item 8. "Financial Statements and Supplementary Data."

2. Financial Statement Schedules

Schedule II – Valuation and Qualify Accounts is set forth under Item 8. “Financial Statements and Supplementary Data” of this Form 10-K. All other schedules have been omitted because they are not required, are not applicable, or the required information is included in the Consolidated Financial Statements or the notes thereto.

3. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
2(a)	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(b)	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(c)	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 dated December 12, 2018
2(d)	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 dated December 12, 2018
2(e)	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
2(f)	Stock Purchase Agreement by and among Global Education International B.V., Sociedade de Ensino Superior Estácio de Sá Ltda., the Registrant, and Estácio Participações S.A., dated as of October 18, 2019		Exhibit 2.1 to the Registrant’s Form 8-K dated October 23, 2019
2(g)	Letter Agreement, by and among, Global Education International B.V., Sociedade de Ensino Superior Estácio de Sá Ltda., the Registrant, and Estácio Participações S.A., dated as of April 24, 2020		Exhibit 2.2 to the Registrant’s Form 8-K dated April 27, 2020
2(h)	Membership Interest Purchase Agreement by and between the Registrant and Laureate Education, Inc., dated as of September 11, 2020		Exhibit 2.1 to the Registrant’s Form 8-K dated September 16, 2020
2(i)	Waiver and Amendment to Membership Interest Purchase Agreement by and between the Registrant and Laureate Education, Inc., dated as of July 21, 2021		Exhibit 2.1 to the Registrant’s Form 8-K dated July 27, 2021
2(j)	Equity Purchase Agreement, by and among McKissock, LLC, Avalon Acquiror, Inc. and the Registrant, dated as of January 24, 2022		Exhibit 2.1 to the Registrant’s Form 8-K dated January 25, 2022
2(k)	Equity Purchase Agreement Side Letter, by and among McKissock, LLC, Avalon Acquiror, Inc. and the Registrant, dated as of March 10, 2022		Exhibit 2.2 to the Registrant’s Form 10-Q for the quarter ended March 31, 2022
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 November 10, 2021		Exhibit 3.1 to the Registrant’s Form 8-K dated November 15, 2021
4(a)	Description of Registrant’s Securities	X	
4(b)	Commitment Letter, dated as of September 11, 2020, by and among the Registrant as borrower, and Morgan Stanley Senior Funding, Inc., Barclays Bank PLC, Credit Suisse AG,		Exhibit 10.1 to the Registrant’s Form 8-K dated September 16, 2020

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
	Cayman Islands Branch, Credit Suisse Loan Funding LLC and MUFG Bank, Ltd., as lead arrangers		
4(c)	Indenture, dated as of March 1, 2021, by and between Adtalem Escrow Corporation, as escrow issuer, and U.S. Bank National Association, as trustee and notes collateral agent		Exhibit 4.1 to the Registrant's Form 8-K dated March 1, 2021
4(d)	Form of 5.500% Senior Notes due 2028 (included in Exhibit 4.1)		Exhibit 4.2 to the Registrant's Form 8-K dated March 1, 2021
4(e)	Supplemental Indenture, dated as of August 12, 2021, by and between the Registrant, as issuer, the parties that are signatories thereto as Subsidiary Guarantors, as subsidiary guarantors, and U.S. Bank National Association, as trustee and notes collateral agent		Exhibit 4.2 to the Registrant's Form 8-K dated August 12, 2021
4(f)	Credit Agreement, dated as of August 12, 2021, by and between the Registrant, as borrower, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent		Exhibit 10.1 to the Registrant's Form 8-K dated August 12, 2021
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
10(c)*	Registrant's Nonqualified Deferred Compensation Plan		Exhibit 4.3 to the Registrant's Form S-8 dated August 27, 2014
10(d)*	Registrant's Retirement Plan	X	
10(e)*	Amendment One to the Registrant's Retirement Plan	X	
10(f)*	Amendment Two to the Registrant's Retirement Plan	X	
10(g)*	Amendment Three to the Registrant's Retirement Plan	X	
10(h)*	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(i)*	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(j)*	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(k)*	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(l)*	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(m)*	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(n)*	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(o)*	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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
10(p)*	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(q)*	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
10(r)*	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(s)*	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(t)*	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(u)*	Form of Nonqualified Stock Option Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(a) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(v)*	Form of Incentive Stock Option Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(b) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(w)*	Form of Restricted Stock Unit Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(c) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(x)*	Form of Restricted Stock Unit Award Agreement for Directors under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(d) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(y)*	Form of Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(e) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(z)*	Form of Performance-Based Restricted Stock Unit Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(f) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(aa)*	Form of Performance-Based Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(g) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(bb)*	Form of Restricted Cash Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(h) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(cc)*	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(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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
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 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
10(hh)	Promissory Note, dated December 11, 2018, by and between the Registrant and DeVry University, Inc.		Exhibit 2.5 to the Registrant's Form 8-K dated December 12, 2018
10(ii)*	Executive Employment Agreement between the Registrant and Michael O. Randolfi		Exhibit 10.1 to the Registrant's Form 8-K dated August 27, 2019
10(jj)*	Executive Employment Agreement between the Registrant and Karen S. Cox, dated June 15, 2018		Exhibit 10(nn) to the Registrant's Form 10-K for the year ended June 30, 2020
10(kk)*	Executive Employment Agreement between the Registrant and Douglas G. Beck, dated May 6, 2021		Exhibit 10(gg) to the Registrant's Form 10-K for the year ended June 30, 2021
10(ll)*	Executive Employment Agreement effective September 8, 2021, between the Registrant and Stephen W. Beard		Exhibit 10.1 to the Registrant's Form 8-K dated August 6, 2021
10(mm)*	Executive Employment Agreement effective September 8, 2021, between the Registrant and Lisa W. Wardell		Exhibit 10.1 to the Registrant's Form 8-K/A dated September 13, 2021
10(nn)*	Severance Agreement and General Release dated September 13, 2021 by and between the Registrant and Kathy Boden Holland		Exhibit 10.1 to the Registrant's Form 8-K/A dated September 14, 2021
10(oo)*	Executive Employment Agreement effective October 18, 2021, between the Registrant and Robert J. Phelan		Exhibit 10.1 to the Registrant's Form 8-K dated November 15, 2021
10(pp)*	Executive Employment Agreement between the Registrant and John Danaher	X	
10(qq)*	Executive Employment Agreement between the Registrant and Maurice Herrera	X	
10(rr)	Confirmation for Fixed Dollar Accelerated Share Repurchase Transaction, dated as of March 14, 2022, by and between the Registrant and Morgan Stanley & Co. LLC		Exhibit 10.1 to the Registrant's Form 8-K dated March 15, 2022
21	Subsidiaries of the Registrant	X	
23	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm	X	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	X	
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	X	
32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**		
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X	

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)		

* Designates management contracts and compensatory plans or arrangements.
** Furnished herewith.

Item 16. Form 10-K Summary

None

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.

Adtalem Global Education Inc.

Date: August 11, 2022

By: /s/ Robert J. Phelan
Robert J. Phelan
Senior Vice President and Chief Financial Officer
(Principal Financial 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	Executive Chairman of the Board	August 11, 2022
/s/ Stephen W. Beard Stephen W. Beard	President and Chief Executive Officer (Principal Executive Officer)	August 11, 2022
/s/ Robert J. Phelan Robert J. Phelan	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	August 11, 2022
/s/ Manjunath Gangadharan Manjunath Gangadharan	Vice President and Chief Accounting Officer (Principal Accounting Officer)	August 11, 2022
/s/ William W. Burke William W. Burke	Lead Independent Director	August 11, 2022
/s/ Charles DeShazer Charles DeShazer	Director	August 11, 2022
/s/ Mayur Gupta Mayur Gupta	Director	August 11, 2022
/s/ Donna J. Hrinak Donna J. Hrinak	Director	August 11, 2022
/s/ Georgette Kiser Georgette Kiser	Director	August 11, 2022
/s/ William Krehbiel William Krehbiel	Director	August 11, 2022
/s/ Lyle Logan Lyle Logan	Director	August 11, 2022
/s/ Michael W. Malafronte Michael W. Malafronte	Director	August 11, 2022
/s/ Sharon O’Keefe Sharon O’Keefe	Director	August 11, 2022
/s/ Kenneth J. Phelan Kenneth J. Phelan	Director	August 11, 2022

CORPORATE INFORMATION

Home Office
Adtalem Global Education Inc.
500 West Monroe Street, Suite 1300
Chicago, IL 60661
312-651-1400
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 Street, Suite 1300, 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. 2022 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
Chandrika Nigam
Senior Director, Investor Relations
312-681-3209

Annual Meeting
The annual meeting of shareholders of Adtalem Global Education Inc. will be held entirely online on Wednesday, November 9, 2022 at 8:00 a.m. Eastern Standard Time at: www.virtualshareholdermeeting.com/ATGE2022.

Annual Mailing
Holders of common stock of record at the close of business on September 23, 2022 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
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 "About Us" page of our website at www.adtalem.com.

ADTALEM
GLOBAL EDUCATION