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February 25, 2021

Adtalem Global Education Inc.
500 West Monroe, Suite 2800
Chicago, Illinois 60661
Attn: Board of Directors

Dear Members of the Board:

As you know, Engine Capital LP (together with its affiliates, “Engine”) and Hawk Ridge Capital Management LP (together with its affiliates, “Hawk Ridge,” and collectively with Engine, “we”) are significant shareholders of Adtalem Global Education Inc. (“Adtalem” or the “Company”). We continue to be concerned with the quality of the Walden University (“Walden”) asset, namely the troubling allegations under investigation by the Department of Justice (DoJ) and several other government agencies, and the go-forward prospects of Walden in light of the as-yet unknown conclusion of the DoJ investigation. Despite our concerns and those of other shareholders, the Company seems to be largely ignoring Walden’s potentially severe liabilities and pushing forward even harder towards closing the acquisition.

One would expect that the Adtalem Board of Directors (the “Board”), who virtually gave away its DeVry University asset in 2018 following similar allegations of fraudulent or deceptive practices and a designation “under governmental investigation” by the Higher Learning Commission in 2017, would now take a major step back in its efforts and activities to complete any deal for a university facing such investigations and scrutiny. If anything, the Board should be accounting for all contingencies and exploring every possible angle to renegotiate or exit the Walden transaction altogether. Let history serve as a lesson for Adtalem.

Yet, recent public disclosures by Adtalem give us extreme cause for concern that the Board is steadfast in its determination to close the Walden deal, irrespective of the potential costs owing to unfavorable outcomes of the governmental investigations. Specifically, on the Company’s Q2 2021 Earnings Call, the Company made it a point to mention all of the attributes of a Walden transaction while minimizing the potential impact of the DoJ investigation by claiming that the Company’s own investigation has found no evidence of any wrongdoing. Are we to believe that Adtalem has the same access to information as the DoJ in drawing this conclusion?

*“The acquisition of Walden is progressing well, and we remain on track to meet the targeted closing date in mid calendar year 2021 subject to closing conditions. As it relates to the U.S. Department of Justice’s inquiry on the content and cost of Walden’s Master of Science in Nursing Program and the availability of clinical site placements for this program, I want to reiterate that we take these matters very seriously. **We are conducting a thorough independent investigation and have hired independent legal advisors to do so. To-date, we have not found evidence that substantiates the allegations.**”* (emphasis added)

The Company made similar public statements to downplay the Federal Trade Commission and Department of Education investigations launched against DeVry back in 2016.

“DeVry Group believes that the FTC’s complaint – filed 40 years after DeVry University began publishing accurate graduate employment statistics – is without a valid legal basis.” – January 27, 2016 press release

“Regarding the FTC, we strongly believe in the merits of our case, and we intend to vigorously contest the suit. The suit is over ads. But the gist of it is about how DeVry University came up with the numbers that appeared in the ads, the graduate employment statistics.” – Q2 2016 Earnings Call

By the end of the year, DeVry had agreed to pay \$100 million to settle the FTC lawsuit alleging that the company misled prospective students with ads that falsely claimed high job placement rates and salaries.

In connection with the Walden financing, the Company has disclosed new information that we believe is extremely troubling. In particular, we are concerned about the scenario where Adtalem may push for the Higher Learning Commission (HLC) to approve its acquisition ahead of the conclusion of the DOJ investigation.

One of the “risks related to the Proposed Walden Acquisition” disclosed by Adtalem in a Form 8-K filing on February 8, 2021:

“If the HLC consented to the Proposed Walden Acquisition prior to resolution of the DOJ Investigation or if the DOJ Investigation is not resolved in a manner that is favorable to Walden, and we were otherwise required under the Purchase Agreement to close the Proposed Walden Acquisition, any adverse or unfavorable outcome of the DOJ Investigation could materially and adversely impact Walden, or subject Walden to operational restrictions, litigation and increased costs. As a result, our ability to realize the benefit or synergies of the Proposed Walden Acquisition [sic] which could also have a material and adverse impact on our business, financial condition, cash flows and results of operations.”

Our understanding is that the HLC typically will not approve an acquisition while an institution is under a governmental investigation designation, unless there is some reason both parties want to move forward with the transaction regardless of said investigation. We are concerned that Adtalem is so focused on closing this acquisition at all costs that it may push the HLC to approve the acquisition before the DoJ concludes its investigation, thereby placing the risk of an unfavorable DoJ outcome squarely on Adtalem shareholders rather than Laureate where it belongs. Given the potential liabilities associated with this DoJ investigation that we have described in a prior letter and that your risk factors highlight, we believe that it would be a complete dereliction of your fiduciary duties to close the Walden transaction prior to the resolution of the DoJ investigation, especially with an interim report due to the HLC on the DoJ investigation on May 7, 2021.

Why would you not wait to let the process play out versus trying to rush an acquisition that could saddle Adtalem with the same liabilities it worked so hard to divest with DeVry? Make no mistake, if you close on Walden prior to the resolution of the DoJ investigation, we will seek to hold each and every one of you personally liable in the event of a negative outcome of the DoJ investigation and/or costly settlements with governmental agencies to settle any claims.

We also would like to point out to the Board that the price paid for Walden is even higher than we expected for two reasons:

- Significant fees: the filing¹ discloses \$39.2 million of incurred fees as well as another \$40.3 million in expected fees in connection with the financing, for a total of \$79.5 million. If we include transaction fees paid to bankers and other service providers, we assume that the fees for this transaction are north of \$100 million.
- Walden has \$142 million of restricted cash on its balance sheet that is not being transferred to Adtalem. Depending on the US Department of Education requirements, Adtalem will be required to post a letter of credit that will be funded through the Company's revolver. This may potentially increase Walden's valuation by that amount and we don't believe the Board has negotiated a mechanism for a price reduction for Walden under such a scenario.

These additional considerations could potentially increase the purchase price of Walden from 8.4x to as much as 9.8x LTM EBITDA. We remind the Board that when it announced the acquisition of Walden, an inferior asset with significantly worse student outcomes, for this elevated multiple, it could have instead repurchased its own shares for a significantly lower multiple without taking all this financial leverage and execution risk. Capital allocation is one of the Board's primary responsibilities, and we intend to hold you accountable for the decisions you have made so far.

Very truly yours,



Arnaud Ajdler
Managing Partner
Engine Capital LP



David Brown
Portfolio Manager
Hawk Ridge Capital Management LP

¹ 8K filed on February 8, 2021