

**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

CITY OF HIALEAH EMPLOYEES  
RETIREMENT SYSTEM,

Plaintiff,

v.

CHRISTOPHER BEGLEY, ET AL.,

Defendants,

and

ADTALEM GLOBAL EDUCATION, INC.,

Nominal Defendant.

C.A. No. 2017-0463-JTL

**NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED  
SETTLEMENT, AND SETTLEMENT HEARING**

TO: ALL PERSONS OR ENTITIES WHO HOLD SHARES OF THE  
COMMON STOCK OF ADTALEM GLOBAL EDUCATION, INC. (f/k/a/  
DEVRY EDUCATION GROUP) (“ADTALEM” OR THE “COMPANY”)  
AS OF THE CLOSE OF BUSINESS ON FEBRUARY 21, 2019.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE  
RELATES TO A PROPOSED SETTLEMENT OF A LAWSUIT AND CONTAINS  
IMPORTANT INFORMATION. YOUR RIGHTS WILL BE AFFECTED BY THESE LEGAL  
PROCEEDINGS IN THIS LITIGATION. IF THE COURT APPROVES THE PROPOSED  
SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE  
FAIRNESS OF THE PROPOSED SETTLEMENT OR PURSUING THE RELEASED CLAIMS  
(AS DEFINED BELOW).

IF YOU ARE NOT THE BENEFICIAL HOLDER OF COMMON STOCK OF ADTALEM  
GLOBAL EDUCATION, INC. BUT HOLD SUCH STOCK FOR A BENEFICIAL HOLDER,  
PLEASE TRANSMIT THIS DOCUMENT PROMPTLY TO SUCH BENEFICIAL HOLDER.

The purpose of this Notice is to inform you of a proposed settlement (the “Settlement”) of  
the above-captioned action (the “Action”) pending before the Court of Chancery of the State of  
Delaware (the “Court”), and of a hearing to be held before the Court, in the Leonard L. Williams  
Justice Center, 500 North King Street, Wilmington, Delaware 19801 on Friday, May 17, 2019, at  
11:00 a.m. (the “Settlement Hearing”). The purpose of the Settlement Hearing is to determine: (a)

whether the Court should approve the proposed Settlement; (b) whether the Court should enter an Order and Final Judgment dismissing the claims asserted in the Action on the merits and with prejudice as against Plaintiff, Adtalem and Adtalem Stockholders (but only in their derivative capacity) effectuating the releases described below; (c) whether the Court should grant the application of Plaintiff's counsel for an award of attorneys' fees and reimbursement of litigation expenses of up to Three Million Five Hundred and Twenty Thousand Dollars (\$3,520,000); and (d) such other matters as may properly come before the Court.

If you held Adtalem stock as of February 21, 2019, this Notice will inform you of how, if you so choose, you may enter your appearance in the Action or object to the proposed Settlement and have your objection heard at the Settlement Hearing.

**THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON STATEMENTS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THIS ACTION AND OF A HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY, OR MAY NOT, WISH TO TAKE IN RELATION TO THIS ACTION.**

### **Background and Description of the Action**

On June 20, 2017, plaintiff City of Hialeah Employees Retirement System ("Plaintiff") filed derivatively on behalf of Adtalem a Verified Stockholder Derivative Complaint (the "Complaint") against individual defendants Christopher Begley, Fernando Ruiz, James D. White, Lisa W. Wardell, Lyle Logan, Ronald Taylor, and Daniel Hamburger (the "Individual Defendants"), (the "Individual Defendants"), as well as nominal defendant Adtalem Global Education, Inc. (collectively, "Defendants," and, with Plaintiff, the "Parties").

The Complaint seeks relief on behalf of nominal defendant Adtalem based upon, among other things, alleged breaches of fiduciary duties by the Individual Defendants. The Complaint alleges, among other things, that certain members of the Company's Board of Directors (the "Board"), and Hamburger in his capacity as Chief Executive Officer ("CEO"), breached their respective fiduciary duties in connection with certain advertising campaigns for the Company's then-subsiary DeVry University, Inc. ("DeVry"). Specifically, the Complaint alleges that the Individual Defendants breached their fiduciary duties by: (i) knowingly making or causing to be made allegedly false or misleading representations in certain advertising materials, that (a) 90% of DeVry graduates were employed in their field of study within 6 months of graduation in a given year or that historically 90% of graduates were employed within their fields of study within 6 months of graduation (the "90% Representations") and (b) DeVry graduates reported median earnings 15% higher than other college graduates one year after graduation (the "15% Representations"); and (ii) consciously choosing to continue to include these misrepresentations in advertising materials, or allowing advertising to continue with these alleged false or misleading statements, despite this knowledge, in violation of state and federal law in order to attract students.

The Complaint further alleged that, as a result of these allegedly false or misleading advertisements, the Company was damaged when it incurred costs to resolve various proceedings instituted by regulatory bodies, including the Federal Trade Commission, Department of Education, and certain state attorneys general, as well as the loss of reputation.

The Defendants moved to dismiss the Complaint on September 1, 2017. After briefing and oral argument, the Court entered an order on April 20, 2018 granting in part and denying in part the Defendants' motion to dismiss. The Court (i) granted Defendants' motion to dismiss the claims related to 15% Representations, finding that the allegations of the Complaint were not sufficiently particularized to support a reasonable inference of bad faith, and (ii) denied Defendants' motion to dismiss with respect to the 90% Representations, despite noting that alternative inferences might be drawn, because it was required to construe all reasonable inferences in Plaintiff's favor and the allegations of the Complaint could be read to support an inference of demand futility.

Prior to filing the Complaint, Plaintiff made an inspection demand directed to the Company pursuant to 8 *Del. C.* § 220 and received over 14,000 pages of documents. During the litigation, the Parties engaged in more discovery. Defendants produced, and Plaintiff reviewed over eighteen thousand (18,000) additional pages of documents. Defendants also responded to interrogatories.

Since the filing of the Complaint, counsel for the Parties engaged in arm's-length discussions and negotiations concerning a possible settlement of the Action, including participating in a mediation on September 20-21, 2018 (the "In Person Mediation"). While the In-Person Mediation did not produce a final settlement agreement, the mediator continued to work with the Parties, prompting additional arm's length negotiations between the Parties, which ultimately resulted in a mediator's recommendation of a final settlement amount that the Parties accepted and agreed to on November 12, 2018.

After the settlement amount was agreed upon, the Parties further engaged in confirmatory discovery including the additional production of documents, the depositions of current Adtalem director Lyle Logan and Christopher Begley, the former non-executive chairman of the board of DeVry, Inc., and the interview of defendant Daniel Hamburger.

### **District Court Litigation**

On January 18, 2017, plaintiff Harriet Myers filed, derivatively and on behalf of Adtalem, a Verified Shareholder Derivative Complaint, in the United States District Court for the Northern District of Illinois, styled *Myers v. Hamburger*, C.A. No. 1:17-cv-00341 (D. Del. 2017) (the "Myers Action") against certain current and/or former members of the Company's Board, including Defendants (the "Myers Complaint").

The Myers Complaint asserts substantially identical claims of breach of fiduciary duty as alleged by Plaintiff in its Complaint, and the Myers Complaint further alleges a violation of Section 14(a) of the Securities and Exchange Act of 1934 due to allegedly false or misleading statements the Company made in its 2014 and 2015 Proxy statements regarding post-graduation employment statistics and Adtalem executive compensation, as well as a claim of unjust enrichment.

On March 9, 2017, the parties stipulated to transfer venue for the Myers Action to the United States District Court for the District of Delaware (the “District Court”). Counsel for the Myers Action separately attended the In-Person Mediation and proposed and negotiated, *inter alia*, certain changes to Adtalem’s governance.

As a result of the above, in addition to the Settlement Amount, the Company has agreed to undertake certain corporate governance reforms including the creation of a board committee related to advertising, the proliferation of information for the purpose of reporting violations of the Company’s code of conduct, and limitations on directors’ service on the boards of unaffiliated public companies.

Following the Final Approval of the Order and Final Judgment, counsel for Myers will dismiss the Myers Action.

### **Reasons for the Settlement**

Following an analysis of the strengths and weaknesses of the Action, including review and analysis of the documents produced pursuant to its demand before the Action was filed and the discovery it received after filing the Action (including the depositions and interview) and taking into consideration the relative costs and benefits to Adtalem of continuing the litigation. Plaintiff believes that the settlement consideration reflected below provides the Company and its stockholders with substantial benefits that address each of the specific claims in the Complaint.

Although Plaintiff believes that the Action is meritorious and asserts valid claims, it is agreeing to settle the Action in order to eliminate the uncertainties inherent in further litigation and in recognition of the immediate benefits that this Settlement will afford the Company and its stockholders.

Plaintiff and its counsel have determined that the terms of the Settlement are fair, reasonable, adequate and in the best interests of Adtalem and its stockholders, and that it is reasonable to pursue a settlement of the Action based upon those terms and the procedures outlined herein.

Defendants have entered into a Stipulation and Agreement of Compromise, Settlement and Release (“Stipulation”) solely because the Settlement would eliminate the burden, expense, distraction and uncertainties inherent in further litigation, and would benefit the Company and its stockholders by, among other things, providing a cash payment to the Company.

Each of the Individual Defendants has vigorously denied, and continues to vigorously deny, the allegations in the Complaint, including that he or she has committed any breach of fiduciary duty, made or allowed to be made any false or misleading statements, or otherwise engaged in any of the wrongful acts alleged in the Action or violated any law, and each of the Individual Defendants expressly maintains that he or she has complied with his or her fiduciary and other legal duties at all times.

### **Settlement Terms**

In consideration for the full settlement and release of all Released Claims (as defined below) against the Released Persons (as defined below) and the dismissal with prejudice of the Action, Defendants agree that the Individual Defendants shall cause to be paid, by the carriers of their Directors and Officers insurance, \$16,000,000 (the "Settlement Amount") to the Company within fifteen (15) business days of entry of the Order and Final Judgment.

### **The Settlement Hearing**

The Settlement Hearing shall be held on Friday, May 17, 2019, at 11:00 a.m., in the Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801 to determine: (a) whether the Court should approve the proposed Settlement; (b) whether the Court should enter an Order and Final Judgment dismissing the claims asserted in the Action on the merits and with prejudice as against Plaintiff, Adtalem, and Adtalem Stockholders (only in their derivative capacities) and effectuating the releases described below; (c) whether the Court should grant the application of Plaintiff's counsel for an award of attorneys' fees and reimbursement of litigation expenses of up to \$3,520,000; and (d) such other matters as may properly come before the Court.

The Court reserves the right to adjourn the Settlement Hearing or any adjournment thereof, including the consideration of the application for attorneys' fees, without further notice of any kind other than oral announcement at the Settlement Hearing or any adjournment thereof.

The Court reserves the right to approve the Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the Parties to the Stipulation and without further notice to Adtalem Stockholders.

### **Right to Appear and Object**

Any Adtalem stockholder who objects to the Settlement, the Order and Final Judgment to be entered in the Action, and/or Plaintiff's counsel's application for attorneys' fees, or who otherwise wishes to be heard, may appear in person or by his attorney at the Settlement Hearing and present evidence or argument that may be proper and relevant; provided, however, that except for good cause shown, no person shall be heard and no papers, briefs, pleadings or other documents submitted by any person shall be considered by the Court unless no later than ten (10) business days prior to the Settlement Hearing such person files with the Court and serves upon counsel listed below: (a) a written notice of intention to appear identifying the name, address and telephone number of the objector; (b) a statement of such person's objections to any matters before the Court; (c) the grounds for such objections and the reasons that such person desires to appear and be heard; (d) documentation evidencing ownership of Adtalem stock as of the date the Stipulation was filed with the Court; and (e) all documents or writings such person desires the Court to consider. Such filings shall be filed with the Register in Chancery and served electronically, by hand or overnight mail upon the counsel listed below:

<p>Jessica Zeldin (#3558) ROSENTHAL, MONHAIT &amp; GODDESS, P.A. 919 N. Market Street, Suite 1401 Wilmington, Delaware 19899-1070 (302) 656-4433 jzeldin@rmgglaw.com</p> <p><i>Attorneys for Plaintiff City of Hialeah Employees Retirement System</i></p>	<p>Gregory V. Varallo (#2242) RICHARDS, LAYTON &amp; FINGER, P.A. 920 North King Street Wilmington, Delaware 19801 (302) 651-7700 varallo@rlf.com</p> <p><i>Attorneys for Defendants Christopher Begley, Fernando Ruiz, James D. White, Lisa W. Wardell, Lyle Logan, and Ronald Taylor</i></p>
<p>Thomas A. Uebler (#5074) McCOLLOM D'EMILIO SMITH UEBLER LLC Little Falls Centre Two 2751 Centerville Road, Suite 401 Wilmington, DE 19808 (302) 468-5960 tuebler@mdsulaw.com</p> <p><i>Attorneys for Nominal Defendant Adtalem Global Education, Inc.</i></p>	<p>David E. Ross (#5228) ROSS ARONSTAM &amp; MORITZ LLP 100 West Street, Suite 400 Wilmington, DE 19801 (302) 576-1600 dross@ramllp.com</p> <p><i>Attorneys for Defendant Daniel Hamburger</i></p>

Unless the Court otherwise directs, no person shall be entitled to object to the approval of the Settlement, any judgment entered thereon, the adequacy of the representation of the Company and its stockholders by Plaintiff and its counsel, any award of attorneys' fees, or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as prescribed above. Any person who fails to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection in this or any other action or proceeding. Any Adtalem Stockholder who does not object to the Settlement or the request by Plaintiff's counsel for an award of attorneys' fees and expenses (described below) or to any other matter stated above need not do anything.

### **The Final Order and Judgment**

If the Court determines that the Settlement, as provided for in the Stipulation, is fair, reasonable, adequate and in the best interests of Adtalem, its stockholders, the Parties to the Action will ask the Court to enter the Order and Final Judgment, which will, among other things:

- (a) determine that the requirements of the rules of the Court and due process have been satisfied in connection with this Notice;

- (b) approve the Settlement as fair, reasonable, adequate and in the best interests of Adtalem and its stockholders, and direct consummation of the Settlement in accordance with its terms and conditions;
- (c) dismiss the Action with prejudice on the merits and grant the releases more fully described below in accordance with the terms and conditions of the Stipulation;
- (d) permanently bar and enjoin Plaintiff and Adtalem Stockholders from instituting, commencing or prosecuting any of the Released Claims against any of the Released Persons (as defined below); and
- (e) award attorneys' fees and expenses to Plaintiff's counsel.

### **Releases**

The Stipulation provides that on the date on which the Order and Final Judgment approving the Settlement and dismissing the Action with prejudice becomes final and no longer subject to further appeal or review, all claims for damages, injunctive relief or any other remedies, and all causes of action, demands or liabilities, that have been, could have been or in the future can or might be asserted by Plaintiff (derivatively), by Adtalem, on behalf of Adtalem or any of its predecessors, successors, affiliates, parents, or direct or indirect subsidiaries, or by any Adtalem Stockholder (but solely on behalf of or derivatively on behalf of Adtalem (and not in an individual capacity)) ("Releasing Persons"), in the Action or any other court or proceeding (whether based on state, local, federal or foreign law, statute, regulation or common law) against any of the Defendants or any of their respective past or present family members, spouses, heirs, trusts, trustees, estates, executors, representatives, administrators, beneficiaries, foundations, parents, subsidiaries, successors, predecessors, assigns, principals, directors, officers, employees, attorneys, insurers, co-insurers, reinsurers, consultants or agents (collectively, the "Released Persons"), and that are based upon, arise out of or relate in any way to the subject matter of the Action, including but not limited to (i) allegations that the 15% and 90% Representations were false and/or misleading; (ii) allegations that the Board and/or Hamburger knew that the 15% and 90% Representations were false and/or misleading, and (iii) allegations that the Board consciously chose to implement a knowingly misleading advertising campaign for the purpose of attracting students, shall be fully, finally and forever released, relinquished, settled, extinguished, discharged and dismissed with prejudice (the "Released Claims"). The Released Claims shall not include any claims to enforce the Settlement or the Stipulation, or any non-derivative claims asserted in the action in the United States District Court for the Northern District of Illinois, styled *Pension Trust Fund for Operating Engineers v. DeVry Education Group*, No. 1:16-CV-05198 (N.D. Ill. 2016).

The Stipulation also provides that upon Final Approval of the Settlement, all claims for damages, injunctive relief or any other remedies against Plaintiff, its attorneys and their respective past or present predecessors, successors, parents, subsidiaries, assigns, principals, directors, officers, employees, insurers, co-insurers, reinsurers, consultants, affiliates or agents which have been, could have been or in the future can or might be asserted by Defendants based upon, arising out of or related to the initiation, prosecution or settlement of the Action, shall be fully, finally and

forever released, relinquished, settled, extinguished, discharged and dismissed with prejudice (“Released Defendants’ Claims”); provided, however, that the Released Defendants’ Claims shall not include any claims to enforce the Settlement or the Stipulation.

The Settlement is intended to extinguish all the Released Claims and, consistent with such intention, upon Final Approval of the Settlement, the Parties shall waive and relinquish (and, by operation of law, Adtalem Stockholders shall be deemed to waive and relinquish), to the fullest extent permitted by law, the provisions, rights and benefits of any state, federal or foreign law or principle of common law, which may have the effect of limiting the release set forth above. This shall include a waiver by the Releasing Persons of any rights pursuant to section 1542 of the California Civil Code (or any similar, comparable or equivalent provision of any federal, state or foreign law or principle of common law), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

#### **Application for Attorneys’ Fees and Expenses**

Defendants acknowledge that Plaintiff is entitled to reasonable attorneys’ fees and expenses for the benefits obtained for the Company as a result of this litigation and the Settlement. Subject to the terms and conditions of the Stipulation and any Order of the Court, Plaintiff may apply to the Court for an award of attorneys’ fees and expenses to Plaintiff’s counsel for up to Three Million Five Hundred and Twenty Thousand Dollars (\$3,520,000) in the aggregate (“Fee Application”), which Defendants have indicated they will not oppose, and that Seventy-five Thousand Dollars (\$75,000) of the amount of the fee awarded pursuant to this paragraph will be paid by Plaintiff’s counsel to Promisloff Law, P.C., which is counsel for Myers in the Myers Action. Any Court-approved payment of attorneys’ fees and expenses (“Fees and Expense Award”) shall be made by the Company and from the Settlement Amount within fifteen (15) business days after payment of the Settlement Amount, notwithstanding the existence of any timely filed objections to the award, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. Payment of the Fee and Expense Award shall constitute final and complete payment for Plaintiff’s Counsel’s fees and reimbursement of expenses that have been incurred or will be incurred in connection with the Action and resolution of the claims asserted in the Action.

The Court may consider and rule upon the fairness, reasonableness and adequacy of the Settlement independently of any Fee Application. The failure of the Court to approve any requested Fee Application, in whole or in part, shall have no effect on the Settlement, and final resolution by the Court of any requested Fee Application shall not be a precondition to the dismissal of the Action.



**Notice to Persons or Entities That Hold Ownership on Behalf of Others**

Brokerage firms, banks and/or other persons or entities who hold shares of the common stock of Adtalem for the benefit of others are requested to promptly send this Notice to all of their respective beneficial owners. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such copies may be made to:

Adtalem Global Education Inc.  
c/o JND Legal Administration  
PO Box 91063  
Seattle, WA 98111-9163  
Phone number: 1-833-285-1325  
Email: AGESecurities@jndla.com

**Scope of this Notice and Additional Information**

The foregoing description of the Settlement Hearing, the Action, the terms of the proposed Settlement and other matters described herein do not purport to be comprehensive. Accordingly, Adtalem Stockholders are referred to the documents filed with the Court in the Action. **PLEASE DO NOT WRITE OR CALL THE COURT.**

Inquiries or comments about the Settlement may be directed to the attention of Plaintiff's counsel as follows:

Stanley D. Bernstein  
BERNSTEIN LIEBHARD LLP  
10 East 40th Street  
New York, New York 10016  
(212) 779-1414

Dated: February 27, 2019

BY ORDER OF THE COURT

/s/ Karlis Johnson  
Register in Chancery