



FAR EASTERN UNIVERSITY

October 1, 2012

PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

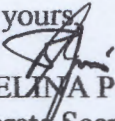
Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Dear Ms. Encarnacion,

Attached please find copy of the report of the Audit Committee duly signed by the Chairperson and Compliance Officer to conform with the requirement of the Securities and Exchange Commission under Memorandum Circular No. 4, Series of 2012.

Truly yours,


ANGELINA P. JOSE
Corporate Secretary

“Annex A”

Re: report Pursuant to SEC Memorandum Circular No. 4, Series of 2012

The Audit Committee of Far Eastern University has a Charter containing its purpose, authority, structure, operations, reporting process, resources and other relevant information. The Audit Committee Charter is regularly reviewed and updated in compliance with existing regulations, standards and best practices and the Securities Exchange Commission Memo Circular No. 4, Series of 2012 (‘Circular’). This is the framework of the assessment of the effectiveness of the FEU’s Audit Committee’s performance embodied in the Audit Committee Self-Assessment Worksheet.

The Audit Committee Self-Assessment Worksheet, containing assessment criteria, was updated and approved by the Board of Trustees to include the provisions of the Circular. On the basis of the provisions of the Charter, the records of activities, and operation of the Audit Committee, an assessment was made to determine the effectiveness by which the Audit Committee performs its duties. The results of the assessment follow using a quantitative rating of 1 to 10 with corresponding qualitative description:

<u>Responsibilities under the Code</u>	<u>Rating</u>
Setting of Committee Structure and Operation	9.7
Oversight on Financial Reporting and Disclosures	9.7
Oversight on Risk Management and Internal Control	9.2
Oversight on Management and Internal Audit	9.6
Oversight on External Audit	9.8
Overall Rating: “ <i>Far Exceeds Standards</i> ”	9.6

FEU Audit Committee is composed of four (4) board members, all of whom have the necessary qualification. Three (3) members are independent directors, including the chairperson. The Audit Committee has regular quarterly meetings, special meetings as needed and reports to the Board of Trustees every quarter or at least four (4) times a year, including an annual report on its performance. The Audit Committee is provided with adequate resources and trainings to undertake its duties, which include, among others:

Review of significant financial reporting issues, appropriateness of accounting policies and estimates, assumptions and judgments made in connection with management’s preparation of the Company’s financial statements, including completeness, clarity, consistency and accuracy of disclosures of material information.

Review of reports from management, internal and external auditors on the effectiveness of the risk management and internal control systems and monitors management’s responsiveness to audit recommendations.

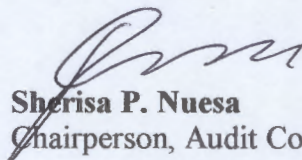
Review and approve the internal audit work plan ensuring independence, objectivity, conformance to International Standards for the Professional Practice of Internal Auditing. The Audit Committee approves the appointment of the outsourced internal audit function and reviews its performance annually.

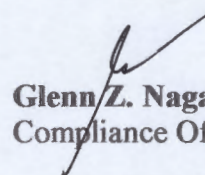
Recommends to the Board the appointment of external auditor based on qualification, skills, resources, effectiveness and independence, and reviews the engagement letter, audit scope and plan, and effectiveness of the audit process.

Perform other activities related to the FEU charter as requested by the board of trustees and discuss from time to time the Corporation's policies with respect to risk assessment and risk management.

FEU also has a Risk Committee whose function is to coordinate with the Audit Committee in identifying and addressing possible risks.

As required by the Securities Regulation Code, this report is authorized by the following.


Sherisa P. Nuesa
Chairperson, Audit Committee


Glenn Z. Nagal
Compliance Officer