

**MINUTES OF THE REGULAR ANNUAL MEETING OF STOCKHOLDERS OF
FAR EASTERN UNIVERSITY, INC.
ARCHIVES ROOM, 3rd FLOOR, ADMINISTRATION BUILDING
FAR EASTERN UNIVERSITY, MANILA
23 AUGUST 2014**

Upon written notice issued by the Corporate Secretary, the regular annual meeting of stockholders was held on 23 August 2014.

The meeting was called to order at 3:00 p.m. by the Chair, Mr. Aurelio R. Montinola III.

Directors present at the Meeting:

Dr. Lourdes R. Montinola	(Chair Emeritus; Compensation Committee Chair and Nomination Committee Chair)
Mr. Aurelio R. Montinola III	(Chair; Executive Committee Chair)
Dr. Michael M. Alba	(President; Executive Committee Member, and Risk Management Committee Member)
Ms. Angelina P. Jose	(Corporate Secretary; Trustee; Executive Committee Member)
Dr. Paulino Y. Tan	(Trustee; Executive Committee Member, Audit Committee Member, and Nomination Committee Member)
Ms. Sherisa P. Nuesa	(Independent Trustee; Audit Committee Chair, Nomination Committee Member, and Risk Management Committee Member)

Auditor present at the Meeting: Punongbayan and Araullo

Ma. Victoria C. Espano
Christopher M. Ferarezza

Observer assigned to verify ballot counts present at the Meeting: Punongbayan and Araullo

Christopher M. Ferarezza

I. DECLARATION OF QUORUM

Corporate Secretary Angelina P. Jose announced that there were present, in person and by proxy, 11,832,366 shares, or 86 % of the total issued and outstanding capital stock of the Corporation entitled to vote. Thereupon, the Chair declared that there was a quorum and that the body may proceed to transact business.

II. PROOF OF NOTICE

The Secretary reported that pursuant to the provisions of Sections VII and VIII of the By-Laws of Far Eastern University Inc. (FEU), the regular annual meeting of stockholders would be held on 23 August 2014 at 3:00 p.m. at the Archives Room, Third Floor, Administration Building, Far Eastern University, Nicanor Reyes Street, Sampaloc, Manila.

Copies of the notice of the meeting were sent to all stockholders on record as of 04 August 2014. For stockholders in Metro Manila the notices were sent via courier, and for stockholders in the provinces, notices were sent by mail. All notices were sent on 04 August 2014.

III. APPROVAL OF MINUTES OF PREVIOUS MEETING

The Chair announced that stockholders present were provided copies of the minutes of the annual stockholders' meeting held on 24 August 2013.

Upon motion of Mr. William J.F. Demyer, duly seconded, it was

- (1) **RESOLVED**, That the reading of the minutes of the regular annual meeting of stockholders held on 24 August 2013 be dispensed with and said minutes be approved as presented.

IV. ACADEMIC REPORT OF THE PRESIDENT

Copies of the President's Report for Academic Year (AY) 2013-2014 were distributed to those present. The following are the highlights of his report:

- Installation of Dr. Michael M. Alba as the 11th University President of FEU.
- Presentation of the approved roadmap in retaining the Autonomous University Status. Among the objectives of the roadmap are as follows:
 - Creation of a High School to have a longer term in preparing students for college and diverse fields of work.
 - Adoption of an evidence based approach through longitudinal or panel data studies dwelling on the impact of college experience for students. Results and findings including best practice teaching strategies and ideal traits will be used to improve the curriculum.
 - Establishment of the FEU Public Policy Center focusing on law and business, technology, media and society, and urban environment.
- Reduction of 2.2% or 29,159 on the AY 2013-2014 enrollment compared to last year's total of 29,821 students.
- Accomplishments in various licensure examinations exceeded the national passing rates except for Accountancy, Architecture and Law.
- Inclusion of two FEU students among the Ten Outstanding Students in the Philippines (TOSP) 2013.
- Attainment of championship titles for consecutive years by FEU's Women's Football, and Men's and Women's Track and Field.
- Participation in both the local and international linkages and formation of Faculty and Academic Development Programs towards achieving FEU's vision of being a university choice in Asia.
- Showcase of distinctive arts, culture and talents emphasizing the importance of social awareness and social responsibility in the activities of the President's Committee on Culture.
- Renovation of the Library and Science buildings and facilities of the Institute for Tourism and Hotel Management.

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The President's report was followed by an open forum. Most of the queries dwelt on the K to 12 Program which Dr. Alba answered in detail. For one, Mr. Guillermo F. Gili, Jr., a stockholder asked about the effects of the possible decrease in enrollment. Dr. Alba explained that the opening of the Senior High School hopes to extend years with the students and offer better quality education as a result. Chief Finance Officer Juan Miguel R. Montinola added that the Senior High School aims to produce freshmen who might undertake acceleration programs which in effect will enable students to be compliant and ready for the next level of education. He added that the monitoring of comparative reports, tracking and positioning of all the expenses are done regularly. Provided that the operational costs are minimized and controlled, FEU is stable and prepared to survive the economic difficulties.

To summarize, Chair Aurelio R. Montinola III stressed the importance of focusing on long term economic gains rather than short term economic pains. He also cited the option of offering the Executive Education and other short term courses that can be availed of by faculty members and students. Another stockholder Mr. Emil dela Cruz followed up on the future plans of the University on how to overcome the drastic decline in FEU's income for the succeeding years. Dr. Alba responded by proposing the probability of inviting and opening more slots for potential FEU High School graduates and international students. Another option to minimize the university expenses is the usage of the Stabilization Fund by the Commission on Higher Education in collaboration with the Department of Labor and Employment. The said fund aims to subsidize the retrenchment costs and monthly stipends or scholarships of teachers affected by the K to 12 Program.

Ms. Isolda S. Oca, another stockholder applauded the idea of the roadmap and asked for the steps in refining the student's critical and analytical thinking. Dr. Alba explained that the yearly generalized critical thinking examination intends to monitor the course of thinking of the students and to determine which tools are effective in developing critical thinking. The evidence gathered will be related to the subjects followed by the pedagogical techniques. Mr. Montinola III reiterated the importance on maintaining the balance between employability and critical thinking.

Stockholder Elias B. Dulalia commended the management and suggested the expansion of another branch in Cebu. He also proposed for an increase of at least 5% in the employees' salary due to the company's prosperity and success. Mr. Stephen Soliven, another stockholder asked if a violation was committed with regards to the authorized capital stock due to the increase in the non controlling interest. Chief Accountant Arnualdo B. Macapagal explained that the authorized capital stock will not be affected by the drastic increase on the non controlling interest due to the preferred shares of East Asia Computer Center, Inc. Questions and clarifications concerning other financial matters were forwarded to Comptroller and Compliance Officer Glenn Z. Nagal after the meeting.

The President's Report ended as Mr. Montinola III acknowledged the commendations and took note of the suggestions. He also emphasized that the joint efforts and involvement of the management and the Board are vital in achieving FEU's mission and vision.

On motion of Dr. Pacita I. Habana, duly seconded, it was

(2) **RESOLVED**, That the Academic Report of the President, Far Eastern University, for the Academic Year 2013-2014 be, as it is hereby, noted.

V. APPROVAL OF THE ANNUAL REPORT

The Chair presented the Annual Report, advance copies of which were made available to the stockholders present.

Mr. Montinola was pleased to report that the overall net income increased by 1.3% basically because of the previous large one time land sale and successful monitoring and control of the expenses. The consolidated return on equity was respectively 13.8% while the return on assets was about 11.2%. The budget allotted for the scholarship grants also increased by 12%.

He also reported on the establishment of FEU's Public Policy Center, appointment of Atty. Melencio S. Sta. Maria as the new Dean of the Institute of Law and creation of a new law program focusing on the Juris Doctor Program in FEU Makati.

Part of the continuous expansion and improvements include the new 17 storey building of the FEU Institute of Technology, formerly FEU East Asia College and the world-class football field in FEU Diliman. The Netsuite System, an online accounting system also replaced FEU Manila's manual accounting system. The same system will soon be applied to all the other branches.

For two consecutive years, FEU remained to be the only educational institution among the Top 50 Philippine Corporations based on ASEAN Corporate Governance survey of listed companies in the Philippines.

The Chair ended his report by recognizing Dr. Lourdes R. Montinola, former Chair and currently the Chair Emeritus for her lifetime of dedication and unwavering passion in carrying out the mission and vision of the Founder. He added that Chair Emeritus Montinola has consistently improved both the professional management and the physical facilities of FEU during her 24 years of service. He also appealed for continuous collaborative efforts and competitive measures in coping with the landscape of the K to 12 Program and other educational reforms.

The aforementioned comments and suggestions were noted.

On motion of Dr. Elizabeth P. Melchor, duly seconded, it was

(3) **RESOLVED**, That the Annual Report of Far Eastern University, Inc. covering the operations of Academic Year 2013-2014 be approved, ratified, and confirmed.

VI. RATIFICATION AND CONFIRMATION OF AMENDMENTS

A. AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BY-LAWS

The body ratified and confirmed the actions of the Board of Trustees on the amendments and composition of the Nomination Committee as approved on 10 December 2013, respectively.

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On motion of Ms. Fe V. Canilao, duly seconded, the following resolutions were approved:

(4) **RESOLVED**, that the Board of Trustees of Far Eastern University, Incorporated (the "Corporation") approve, as it hereby approves the amendment to Article Second of the Articles of Incorporation pertaining to the Corporation's purpose, to wit:

"Second. That the purpose or purposes for which said corporation is formed are:

(a) To establish and conduct a university, college or colleges, school or schools and dormitories including enhanced basic education programs (namely, kindergarten education, elementary education, and secondary education programs inclusive of junior high school and senior high school education) collegiate and postgraduate courses, and technical vocational education and training programs; to provide courses of study of university grade, for business or professional life or for general culture; to establish classical, mathematical, scientific, business, technical, and general courses of study including correspondence courses, to conduct institutes, lectureships, training schools, courses of study and home classes; to provide for the holding and giving of lectures, exhibitions, public meetings, and conferences adapted directly or indirectly to advance the calling of education; to secure, print, and publish books and courses of study suitable for use

in connection with the schools and courses of study of this corporation; and to grant diplomas, titles and degrees as may be authorized by the government.

xxx"

(5) **RESOLVED**, that the Board of Trustees of Far Eastern University, Incorporated (the "Corporation") approve, as it hereby approves the amendment consists of the deletion of the last phrase "and one non-voting member in the person of the Vice President for Operations" in Section XXIX – NOMINATION COMMITTEE of the Amended By-Laws of the Corporation, whereby said section, which originally reads:

"Section XXIX – NOMINATION COMMITTEE: The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent), and one non-voting member in the person of the Vice President for Operations.

xxx"

shall now read, to wit:

"Section XXIX – NOMINATION COMMITTEE: The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent).

xxx"

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B. 20% STOCK DIVIDEND

The body ratified and confirmed the actions of the Board of Trustees pertaining to the declaration of a 20% stock dividend on 15 July 2014.

On motion of Ms. Fe V. Canilao, duly seconded, the following resolutions were approved:

(6) **RESOLVED**, that the Board of Trustees of Far Eastern University, Inc. (the "Corporation") authorize, as it hereby authorizes, the Corporation to declare a stock dividend of 20% from the unissued portion of the authorized capital stock of the Corporation, subject to the approval and confirmation of the stockholders of the Corporation at the Annual Stockholders' Meeting to be held on 23 August 2014;

(7) **RESOLVED, FURTHER**, that the Board of Trustees of the Corporation authorize, as it hereby authorizes, the Corporation to distribute the above stock dividend among the stockholders of the Corporation as of record date, which shall be determined after said Annual Stockholders' Meeting, and issue such stock dividend as soon as the necessary permit or authorization from the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) shall have been obtained; and

(8) **RESOLVED, FURTHER**, that the Board of Trustees of the Corporation authorize, as it hereby authorizes, the Corporation to pay all fractional shares, if any, resulting from said stock dividend in cash at par value.

(9) **RESOLVED, FURTHER**, that the record date of the 20% stock dividend approved by the Board of Trustees of Far Eastern University, Inc. (the "Corporation") at its meeting held on 15 July 2014 shall be set on 09 September 2014.

C. ACTIONS OF THE BOARD OF TRUSTEES

The body ratified and confirmed the actions of the Board of Trustees.

On motion of Ms. Fe V. Canilao, duly seconded, the following resolutions were passed:

(10) **RESOLVED**, That the acts of the officers and Trustees of Far Eastern University, Inc. in the furtherance of the matters covered by the annual report for the Academic Year 2013-2014 be approved, ratified and confirmed.

VII. ELECTION OF TRUSTEES AND INDEPENDENT TRUSTEES

The Chair declared the table open for nominations for the positions of Trustees and Independent Trustees of Far Eastern University, Inc. for the Academic Year 2014-2015.

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Upon motion of Mr. Arnualdo B. Macapagal, duly seconded, the following were nominated:

As Trustees:

Dr. Lourdes R. Montinola
Mr. Aurelio R. Montinola III
Dr. Michael M. Alba
Mrs. Angelina P. Jose
Dr. Paulino Y. Tan
Mr. Antonio R. Montinola

As Independent Trustees:

Ms. Sherisa P. Nuesa
Dr. Edilberto C. de Jesus
Mr. Robert F. Kuan

There being no further nominations, the Chair suggested that all votes be cast equally among the nine nominees for the nine seats on the Board. It was

(11) **RESOLVED**, That there being only nine nominees, all votes be cast, as they are hereby cast equally, and that the nine nominees be henceforth declared elected members of the Board of Trustees of Far Eastern University, Inc. for the Academic Year 2014-2015 or until their successors are duly elected and qualified.

Thus:

As Trustees:	No. of Votes
Dr. Lourdes R. Montinola	1,475,849
Mr. Aurelio R. Montinola III	1,475,849
Dr. Michael M. Alba	1,475,849
Mrs. Angelina P. Jose	1,475,849
Dr. Paulino Y. Tan	1,475,849
Mr. Antonio R. Montinola	1,475,849
As Independent Trustees:	
Ms. Sherisa P. Nuesa	1,475,849
Dr. Edilberto C. de Jesus	1,475,848
Mr. Robert F. Kuan	1,475,848

VIII. APPOINTMENT OF EXTERNAL AUDITOR

Upon motion of Mr. Arnualdo B. Macapagal, duly seconded, it was

(12) **RESOLVED**, That the firm Punongbayan and Araullo, be appointed External Auditor of Far Eastern University, Inc. for the Academic Year 2014-2015.

IX. OTHER MATTERS

The body ratified and confirmed the actions of the Board of Trustees on the change of the principal address of the Corporation on 19 August 2014.

(13) **RESOLVED, AS IT IS HEREBY RESOLVED**, that the Board of Trustees of Far Eastern University, Inc. (the "Corporation") authorize, as it hereby authorizes, the Corporation to amend Article Third of its Amended Articles of Incorporation and Section I of its Amended By-Laws to incorporate the change in its principal office from "Manila, Philippine Islands/City of Manila" to "Nicanor Reyes Street, Sampaloc, Manila", in compliance with Memorandum Circular No. 6 Series of 2014 issued by the Securities and Exchange Commission. The aforementioned provisions will be amended to read as follows:

"Third. That the place where the principal office of the corporation is to be established or located is at Nicanor Reyes Street, Sampaloc, Manila."

"Section I. – OFFICE: The office of the corporation shall be located at Nicanor Reyes Street, Sampaloc, Manila, at the principal place of business of said corporation in said city, or at such other place in said city as the Board of Trustees may, from time to time, determine and fix."

(14) **RESOLVED, FURTHER**, that Board of Trustees of the Corporation authorize, empower, and direct, as it hereby authorizes, empowers, and directs, the Trustees and proper officers of the Corporation to do any and all things necessary to effect the foregoing resolutions.

X. VOTE OF APPRECIATION

On behalf of the Board of Trustees and the administration, the Chair expressed his gratitude for the continued confidence and unwavering support of the stockholders, without which FEU would not have attained its notable achievements for the AY 2013-2014.

On motion of Mrs. Elena F. Gemzon, duly seconded, the following resolution was approved:

(15) **RESOLVED**, That a vote of appreciation be extended to the Board of Trustees, the University and Corporate Officials, the academic and non-academic personnel for a job well done.

XI. ADJOURNMENT

There being no further business to transact and on motion duly made and seconded, the meeting was adjourned at 4:30 p.m.

ANGELINA P. JOSE
Secretary

Noted:

AURELIO R. MONTINOLA III
Presiding Officer