

FAR EASTERN UNIVERSITY, INC.
MINUTES OF ANNUAL MEETING OF STOCKHOLDERS
Multi-Purpose Room, 4/F Administration Building
FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila
20 October 2018

The Annual Meeting of Stockholders of The Far Eastern University, Incorporated doing business under the name and style Far Eastern University (FEU) was held at the Multi-Purpose Room, 4/F Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila on 20 October 2018, in accordance with Sections III (Meetings) and VII (Annual Meeting) of FEU's Amended By-Laws.

I. CALL TO ORDER

The Chairman of the Board of Trustees, Mr. Aurelio R. Montinola III, presided over and called the meeting to order at 3:00 p.m. The Corporate Secretary recorded the minutes of the meeting.

The Chairman welcomed the Stockholders to the 2018 Annual Stockholders' Meeting of FEU.

II. NOTICE OF MEETING AND QUORUM

The first item in the Agenda was the certification of the notice of meeting and determination of quorum.

The Corporate Secretary reported to the Chairman and informed the assembly that in accordance with the Amended By-Laws of FEU and applicable laws and regulations, written notice of the date, time, place and purpose of the meeting was sent to all stockholders of record as of 01 October 2018, the record date of the meeting. Notice of the meeting was submitted to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC), and it was also posted on the FEU Website last 30 August 2018.

The Chairman then asked if there was a quorum at the meeting to transact all the matters in the Agenda. The Corporate Secretary reported that there were present at the meeting, in person and by proxy, Stockholders owning and representing 13,796,408 shares or 83.73% of the 16,477,023 total outstanding Common shares of the capital stock of FEU entitled to vote and be voted at the meeting.

Thereupon, the Chairman declared that a quorum was present and that the meeting was duly convened.

The following members of the Board of Trustees were likewise present in person or represented by proxy at the meeting:

①	Dr. Lourdes R. Montinola	Trustee and Chair Emeritus
②	Mr. Aurelio R. Montinola III	Trustee and Chairman of the Board of Trustees, Executive Committee Chairman, and Talent Management Committee Chairman

③	Dr. Michael M. Alba	Trustee and President, Executive Committee Member, and Risk Management Committee Member
④	Dr. Edilberto C. De Jesus	Independent Trustee, Audit Committee Member, Corporate Governance Committee Chairman, and Nomination Committee Chairman
⑤	Ms. Angelina P. Jose	Trustee, Executive Committee Member, Audit Committee Alternate Member, and Corporate Governance Committee Member
⑥	Mr. Antonio R. Montinola*	Trustee, and Nomination Committee Member
⑦	Ms. Sherisa P. Nuesa	Independent Trustee, Audit Committee Chairman, Corporate Governance Committee Alternate Member, and Risk Management Committee Member
⑧	Dr. Paulino Y. Tan	Trustee, Executive Committee Member, Nomination Committee Member, and Talent Management Committee Member

*Represented by proxy.

Also present during the meeting were the following representatives of FEU's External Auditor (Punongbayan & Araullo), and FEU's Stock Transfer Agent (Stock Transfer Service, Inc.):

Punongbayan & Araullo	
Mailene Sigue-Bisnar	Audit Partner
Mark Ian Carrasco	Audit Manager

Stock Transfer Service, Inc.	
Michael C. Capoy	Assistant Manager
Reynand C. Malayao	Supervisor
Zaldy A. Adana	Processor
Kathlyn Flaminiano	Processor
Lloyd Bryan Manuel	Processor
Marites F. Yumol	Processor

III. MINUTES OF ANNUAL MEETING OF STOCKHOLDERS ON 21 OCTOBER 2017

The Chairman then proceeded to the next order of business, which was the approval of the minutes of the Annual Stockholders' Meeting held on 21 October 2017. Copies of the minutes were provided to the Stockholders upon their registration for the meeting, and an electronic copy had been available on FEU's Website since 25 October last year, 2017.

On motion made by Sr. Victorina D. Palanca, ICM and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders’ Resolution No. 01-2018

“RESOLVED, That the reading of the minutes of the Annual Meeting of Stockholders held on 21 October 2017 be, as it is hereby, dispensed with and that said minutes be, as it is hereby, approved as presented, in as much as the same have been posted on the Investors Website of Far Eastern University, Inc. since 25 October 2017 and copies were provided to all the Stockholders present.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,794,812	0	1,596
Percent of Shares Voted	99.99%	0%	0.01%

IV. ACADEMIC REPORT OF THE PRESIDENT

The next item in the Agenda was the Academic Report of the President for the academic year 2017-2018.

At this point, the President presented his 2017-2018 Academic Report to the Stockholders.

	<p>Good afternoon. I am pleased to deliver my annual report for 2018.</p>
	<p>Please dim the lights</p> <p>I could never say it like that.</p> <p>I start with the first 2 lines of Shakespeare’s Henry V because I think it’s a good frame for my report this year, which takes a different tack from those of previous years.</p> <p>For the first time, I adopt a system perspective in cognizance of the fact that FEU has grown into a group of schools.</p>

 <p>FEU GROUP OF SCHOOLS Far Eastern University, Inc.</p> <ul style="list-style-type: none"> > Far Eastern University (FEU Manila) > East Asia Computer Center, Inc. (EACCI) <ul style="list-style-type: none"> • FEU Institute of Technology (FEU Tech) • FEU Diliman > Far Eastern College-Silang, Inc. <ul style="list-style-type: none"> • FEU Cavite > Far Eastern University High School, Inc. > FEU Alabang, Inc. > Roosevelt College Inc. 	<p>Specifically, the report acknowledges that Far Eastern University, Inc., the publicly listed company, not only operates Far Eastern University, the institution of higher learning in Manila, but is also the holding company of the following corporations: East Asia Computer Center, Inc. (EACCI), which does business under the names and styles FEU Institute of Technology (FEU Tech) and, since March 2018, FEU Diliman; Far Eastern College - Silang, Inc., which administers FEU Cavite; Far Eastern University High School, Inc.; FEU Alabang, Inc.; and Roosevelt College, Inc.</p>
	<p>One way to see this change in reporting scope is that it simply follows what already is being done in the financial statements of FEU Inc., which consolidate the financial activities and position of the company across all corporate interests. But another way is to consider the adoption of this new frame of reference as an evolutionary step that aligns the scheme of the annual report with the ongoing strategic initiative to rationalize the entities in the FEU Group of Schools. (To point out two cases: FEU Makati is now subsumed under FEU Manila, its status having just been clarified with the CHED as an extension campus of the latter, and FEU Institute of Technology and FEU Diliman are categorized under EACCI.)</p>
	<p>The drive to reorganize the various FEU enterprises and reconfigure their interrelationships is itself part and parcel of two recent developments - one set of which is transpiring within the FEU system as part of organic growth, while the other, coming from external factors, has broader implications for the private education sector of the country.</p>

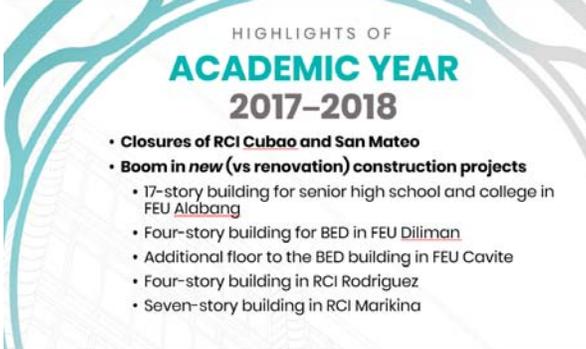
<p>Major developments that impact the FEU Enterprise</p> <p>INTERNAL DYNAMICS</p> <ul style="list-style-type: none"> • More corporate subsidiaries and school campuses 	<p>The internal dynamic is that in the last few years FEU Inc. has not only expanded the numbers of its subsidiaries and school campuses,</p>
<p>Major developments that impact the FEU Enterprise</p> <p>INTERNAL DYNAMICS</p> <ul style="list-style-type: none"> • System-wide push toward excellence <ul style="list-style-type: none"> • Emergent shared services as spillover effect of upskilling in FEU Manila <ul style="list-style-type: none"> • Corporate Affairs • Human Resources Development • Information Technology Services • Facilities and Technical Services • Finance 	<p>but also embarked on a determined system-wide push toward quality and excellence in both academics and operations.</p> <p>A consequence in the case of FEU Manila's charge up this hill is that spillover effects were generated that raised standards and capabilities in all schools.</p> <p>For instance, the upskilling of expertise in FEU Manila - a strategy insisted upon by the chairman - has led to some shared services becoming emergent:</p> <p>Corporate Affairs now vets all communications, events, and materials and supervises bookstore management in all schools, thus safeguarding the brands and ensuring that activities and collaterals meet corporate standards;</p> <p>Human Resources and Development develops policies, programs, processes, and practices that the subsidiaries use as benchmarks and adopt where feasible, and it also helps in the recruitment of senior managers across the system;</p> <p>for a subset of the schools, Information Technology Services monitors and safeguards the computer-network operations, ensures the smooth functioning of enterprise-application software systems and the learning management system, vets all IT equipment and systems, and is implementing a roadmap it developed to extensively "wire" the campuses and upgrade internet connectivity;</p> <p>Facilities and Technical Services shares its expertise in building construction, maintenance, operation, and renovation as well as school-plant management,</p>

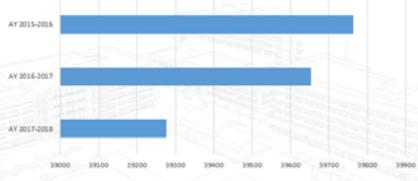
	<p>thereby setting a uniform, high standard of practice; and the chief finance officer has set policies and processes in financial management that ensure fiscal discipline.</p>
<p>Major developments that impact the FEU Enterprise</p> <p>INTERNAL DYNAMICS</p> <ul style="list-style-type: none"> • System-wide push toward excellence <ul style="list-style-type: none"> • System-wide adoption of identical technological solutions <ul style="list-style-type: none"> • Netsuite • Canvas 	<p>In addition, there has been a system-wide adoption of identical technological solutions: FEU Manila’s NetSuite modules on accounting, budget management, and enrollment are being rolled out to the other schools; and Canvas, the learning management system used in the world’s leading universities including Harvard and Stanford, is being adopted by all schools as the platform for organizing learning activities, signaling the full embrace of digital education technology and a shift in delivery mode toward blended learning strategies, which are deemed to more efficiently and effectively lead to better learning outcomes. (It may be noted that these technological solutions would not have been feasible without the extensive wiring of the campuses for internet connectivity in the first place.)</p>
<p>Major developments that impact the FEU Enterprise</p> <p>INTERNAL DYNAMICS</p> <ul style="list-style-type: none"> • System-wide push toward excellence <ul style="list-style-type: none"> • Realize synergies and scale effects by grouping schools <ul style="list-style-type: none"> • FEU Tech’s IT and engineering programs can be offered in FEU Diliman and FEU Alabang 	<p>Another consequence of the internal dynamic was that, as each school aspired for quality and excellence, it was realized that synergies and scale effects could be gained by having some schools be more closely related. This was seen with FEU Tech, FEU Diliman, and FEU Alabang, where FEU Tech’s established, high-standard information technology and engineering programs could be offered in the other two schools.</p>
<p>Major developments that impact the FEU Enterprise</p> <p>EXTERNAL FACTORS</p> <p>Republic Act 10931 or the Universal Access to Quality Tertiary Education Act of 2017</p> 	<p>As for the external factors, two in particular deserve mention: Republic Act 10931 or the Universal Access to Quality Tertiary Education Act and the second package of the Duterte Administration’s Comprehensive Tax Reform Program. Signed into law on August 3, 2017, Republic Act 10931</p>

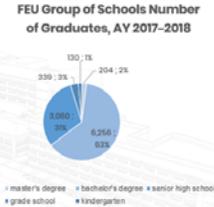
	<p>(a) provides for free tuition and other school fees in state universities and colleges, local-government administered universities and colleges, and technical-vocational training institutes run by the TESDA;</p> <p>(b) grants a tertiary-education subsidy to students from indigent families; and (c) establishes a student loan program through the Unified Student Financial Assistance System for Tertiary Education (UniFAST). But while the second and third components of the law are yet to be implemented, so that their impacts still cannot be discerned (since these will depend on their allocations in the national government budget), the first can already be anticipated to cause a widespread migration of college students from private higher education institutions to SUCs and LUCs starting Academic Year 2018-2019. In the next school years, the private higher education sector will thus likely face a more limited market consisting of those residual students who would rather pay for quality education than attend free but congested public education institutions.</p>
 <p>Major developments that impact the FEU Enterprise</p> <p>EXTERNAL FACTORS</p> <p>Second package of the Comprehensive Tax Reform Program</p>	<p>In the case of the second package of the Comprehensive Tax Reform Program, the Lower House version (House Bill 8083), which has been approved in plenary, intends to raise the tax rate of for-profit educational institutions to 30%, while the Senate version (Senate Bill 1906) intends to raise the tax to 25%. It is reported that the law will be fast-tracked for implementation starting January 2019. Our tax rate is currently 10%.</p>

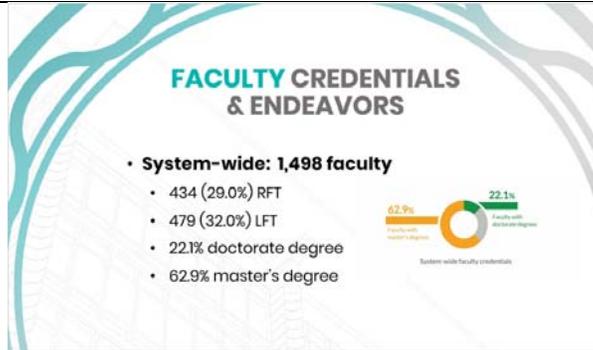
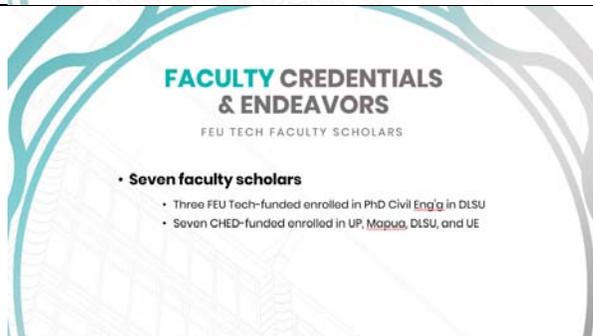
<p>Major developments that impact the FEU Enterprise</p> <p>FEU Inc. is building resilience against external shocks</p> <ul style="list-style-type: none"> • By scaling the ladder of quality • By strengthening bonds and relationships of its schools 	<p>For FEU Inc., these developments are challenges that urgently raise the need to build resilience against external shocks - by going for quality both system-wide and in each school, and by strengthening the bonds and interrelationships of the FEU institutions.</p>
<p>WHAT FOLLOWS</p> <ul style="list-style-type: none"> • Highlights of AY 2017-2018 • Enrollment • Student Outcomes • Faculty Credentials and Endeavors • Accreditations 	<p>The rest of my report is organized as follows: First, I provide the highlights of the academic year. I then present enrollment figures, given that this is where the negative shock of the K-12 transition period is most felt. Third, I describe some student outcomes. Fourth, I talk about faculty credentials and endeavors; and Lastly, I review our accreditations, which are external validations of FEU's drive for quality.</p>
<p>HIGHLIGHTS OF ACADEMIC YEAR 2017-2018</p> <ul style="list-style-type: none"> • AY 2017-2018 was the 2nd year of the five-year K-12 transition period • College Departments <ul style="list-style-type: none"> • Developed the General Education Curriculum specified by CMO 20 s 2013, as amended by CMO 4 s 2016 • Developed curriculum of the major subjects of program offerings • In FEU Manila <ul style="list-style-type: none"> • DLECCT training • Developed a standardized BS Accountancy curriculum for all schools 	<p>Recall that AY 2017-2018 is the second year of the five-year transition period brought about by the enactment of Republic Act 10533 (the Enhanced Basic Education Act of 2013), which lengthened the basic education cycle in the Philippines by requiring kindergarten as the starting point and adding Grades 11 and 12 to the high-school year levels. As a consequence of the law's implementation, there were virtually no college freshmen in AY 2016-2017 (as Grade 10 completers proceeded to Grade 11) and no college freshmen and sophomores in AY 2017-2018 (as the first two batches of K-12 students attended Grades 11 and 12). In turn, there will be no college sophomores and juniors in AY 2018-2019 and so on, until AY 2020-2021 when there will be no college seniors. In the college departments of all FEU schools, the <i>lean</i> year was used to develop the new college curriculums that were required by the CHED</p>

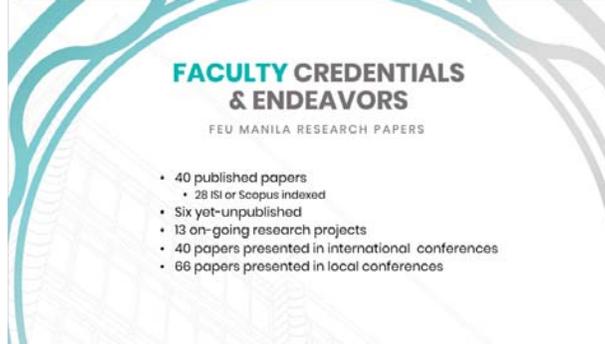
	<p>to take account of the K-12 basic education program and which were expected to be delivered starting AY 2018-2019.</p> <p>These efforts were two-pronged: one initiative focused on designing the new general education curriculum in order to be compliant with CHED Memorandum Order (CMO) 20, series of 2013, and as amended by CMO 4, series of 2018, while the other addressed the new CHED requirements for the major subjects of the academic programs, as specified in different CMOs. In the case of FEU Manila, significant investments were made to train the faculty to deliver the new GEC. 120 faculty members, representing 3,000 units of deloaded teaching assignments, went through a digital literacy, effective communication, and critical thinking (DLECCT) program, as these skills were deemed necessary in the GE faculty. At the instance of the FEU Inc. board of trustees, the office of the president and the Institute of Accounts, Business, and Finance (IABF) also embarked on a curriculum-mapping project to standardize the curriculum of the BS Accountancy program in all FEU schools that offered it.</p>
 <p>HIGHLIGHTS OF ACADEMIC YEAR 2017-2018</p> <ul style="list-style-type: none"> • AY 2017-2018 was the 2nd year of the five-year K-12 transition period • Basic Education Departments <ul style="list-style-type: none"> • Senior High School <ul style="list-style-type: none"> • Finetuned the Grade 12 curriculum • Recruited Grade 12 teachers • Grade School and Junior High School <ul style="list-style-type: none"> • Further developed curriculum maps in English, Science, and Mathematics • Implemented CEM achievement tests • FEU Diliman underwent PAASCU accreditation 	<p>In contrast to the slack in college, the basic-education departments of FEU schools that had them saw a bumper year in student population due to the addition of the senior high school program. They were thus occupied with having to develop the Grade 12 curriculum and getting it approved by the DepEd, as well as with hiring teachers for the senior high school. (System-wide, 93 additional teachers were recruited for deployment in the senior high school departments of FEU schools.)</p>

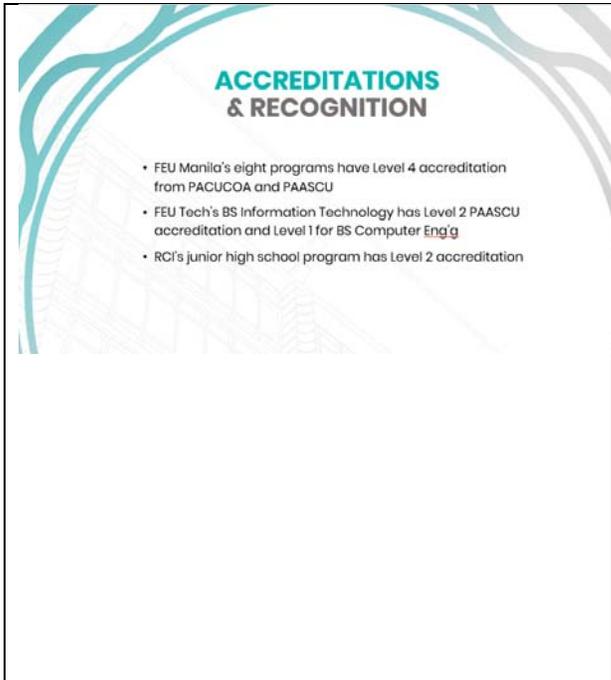
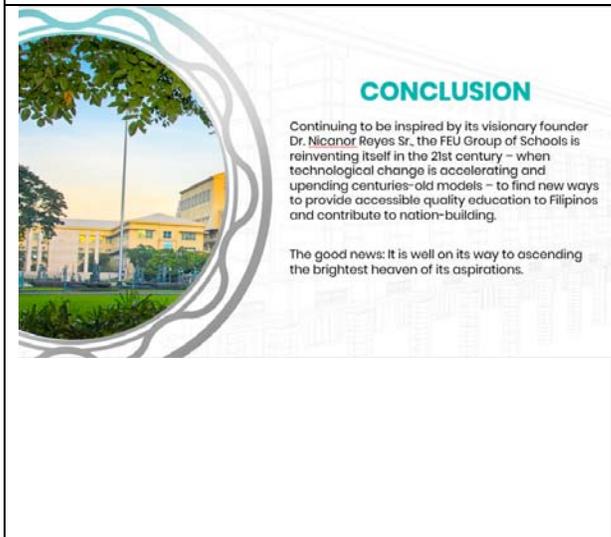
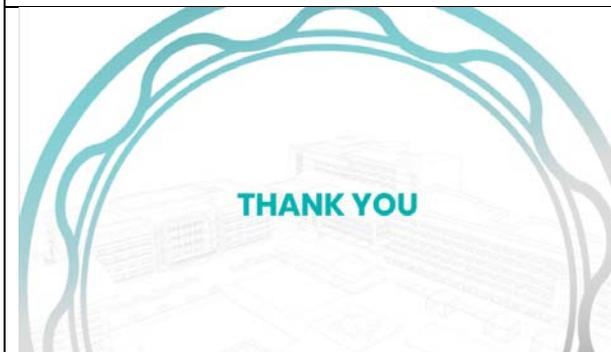
	<p>As for the grade school and junior high school units of the basic education departments, the big effort during the academic year was in continuing to develop the unit plans of the curriculum maps in English, Science, and Mathematics in order to ensure that all intended learning outcomes are covered during the school year.</p> <p>In addition, all students from Grades 1 to 10 were required to take the standardized achievement tests of the Center for Educational Measurement in English, Science, and Mathematics for an independent assessment of cognitive learning outcomes in these subjects.</p> <p>In FEU Diliman, the grade school and junior high school departments also subjected themselves to PAASCU accreditation. They were assessed to be ready for level 1 accreditation in AY 2018-2019.</p>
 <p>HIGHLIGHTS OF ACADEMIC YEAR 2017-2018</p> <ul style="list-style-type: none"> • Closures of RCI Cubao and San Mateo • Boom in <i>new</i> (vs renovation) construction projects <ul style="list-style-type: none"> • 17-story building for senior high school and college in FEU Alabang • Four-story building for BED in FEU Diliman • Additional floor to the BED building in FEU Cavite • Four-story building in RCI Rodriguez • Seven-story building in RCI Marikina 	<p>One sad note was the closures of RCI Cubao and San Mateo. The campuses were deemed too small to allow major construction works to be undertaken without adversely affecting the safety, health, and ultimately the welfare of students, faculty, and staff in those campuses.</p> <p>But perhaps <i>the</i> major (and happier) development for which AY 2017-2018 will be remembered in the annals of FEU's history is the sheer number of the new-construction projects that were simultaneously undertaken during the year. These included a 17-story building in FEU Alabang, a 4-story building in FEU Diliman, an additional floor to the basic-education building in FEU Cavite, a 4-story building in RCI Rodriguez, and a 7-story building in RCI Marikina. The vast expansion of the <i>school-plant size</i> of the FEU Group of Schools is yet another testament to FEU Inc.'s long-standing commitment to providing accessible quality education to Filipinos.</p>

 <p>GREEN & GOLD AWARDS OUTSTANDING AND DISTINGUISHED ALUMNI</p> <ul style="list-style-type: none"> • Lourdes Gutierrez-Alfonso, BS Accountancy-Cum Laude, 1984 • Jamela M. Alindogan, AB Communication, 2006 • Atty. Leah T. Armamento, BS Nursing, 1980 • Atty. Dominador D. Buhain Jr., LLB, 1976 • Angel P. Bautista, FEU Boys' HS, 1974; BS Zoology-Cum Laude, 1979 • Atty. Juan D. De Zúñiga, AB Political Science, 1969; LLB, 1970 • Christopher M. Ferrarez, BS Accountancy-Summa Cum Laude, 1998 • Maria Rhodora P. Fresnedi, AB Mass Communication-Magna Cum Laude, 1980 	<p>One other happy note - a highlight of FEU's social calendar - was the celebration of FEU's 90th founding anniversary, during which 28 outstanding alumni were conferred the Green and Gold Awards.</p>																												
<p>Student Outcomes STUDENT ENROLLMENT</p> <p>The declining trend reflected the impact of Republic Act 10533</p> 	<p>In AY 2017-2018, first-term enrollment in the FEU Group of Schools totaled 36,277 - a student population that represented contractions of 8.8% and 8.5% relative to those of AY 2015-2016 and AY 2016-2017, respectively. This declining trend reflected the impact of Republic Act 10533:</p>																												
<p>FEU System Enrollment AY 2015-2016 to 2017-2018</p> <table border="1"> <thead> <tr> <th>Tertiary Education</th> <th>2015-2016</th> <th>2016-2017</th> <th>2017-2018</th> </tr> </thead> <tbody> <tr> <td>FEU Manila</td> <td>26,760</td> <td>20,704</td> <td>15,870</td> </tr> <tr> <td>FEU Tech</td> <td>9,081</td> <td>7,824</td> <td>6,444</td> </tr> <tr> <td>FEU Diliman</td> <td>1,444</td> <td>1,112</td> <td>772</td> </tr> <tr> <td>FEU Cavite</td> <td>1,141</td> <td>930</td> <td>671</td> </tr> <tr> <td>RCI</td> <td>-</td> <td>616</td> <td>531</td> </tr> <tr> <td>TOTAL</td> <td>38,426</td> <td>30,986</td> <td>24,288</td> </tr> </tbody> </table>	Tertiary Education	2015-2016	2016-2017	2017-2018	FEU Manila	26,760	20,704	15,870	FEU Tech	9,081	7,824	6,444	FEU Diliman	1,444	1,112	772	FEU Cavite	1,141	930	671	RCI	-	616	531	TOTAL	38,426	30,986	24,288	<p>In AY 2015-2016 all collegiate year levels were still populated with students, in AY 2016-2017 only the second to the fourth year levels were, and in AY 2017-2018 the college student body was down to the juniors and seniors.</p>
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	<p>but there were no college freshman and sophomore students; in AY 2015-2016 all year levels of college still had students, but there was as yet no senior high school. But this was as might be expected: Basic education programs are more resource intensive (especially in classroom utilization); for a given school-plant size, fewer basic education students can be accommodated than college students.</p>																												

<p>Student Outcomes</p> <ul style="list-style-type: none"> • 9,989 graduates • 114 Latin Honors • First recipient of Dr. Lourdes R. <u>Montinola</u> Arts and Culture Award 	<p>During the school year, the FEU Group of Schools produced a total of 9,989 graduates, broken down as follows:</p> <ul style="list-style-type: none"> 204 completed a master’s degree or higher, 6,256 earned a bachelor’s degree, 3,060 graduated from senior high school, 339 finished grade school, and 130 passed kindergarten. <p>Among the college graduates, 114 earned Latin Honors.</p> <p>Four graduates obtained prestigious awards:</p> <p>FEU Manila’s Kristine Dizon Asuncion (a BS Nursing graduate) and Paula Manuel (a BS Psychology graduate) and FEU Tech’s Jovert Ruedas (a BS Information Technology graduate) were among the 10 National Capital Region finalists to the 2018 Ten Outstanding Students of the Philippines.</p> <p>Jhon Mark Lorenzo Isla (an AB Political Science graduate) was the first recipient of the Dr. Lourdes R. Montinola Arts and Culture Award.</p>
<p>Student Outcomes LICENSURE EXAM PERFORMANCE</p> <p>FEU Manila</p> <ul style="list-style-type: none"> • 20 top-notchers in Architecture, CPA, Medical Technology, and Psychometry <p>FEU Tech</p> <ul style="list-style-type: none"> • 10 top-notchers in Civil Eng’g, Electrical Eng’g, Electronics Eng’g, and Electronics Technician • 2 first placers in Civil Eng’g and Electronics Eng’g 	<p>With a few (random) exceptions, the licensure exam performances of graduates of FEU programs who were first-time takers exceeded the national passing rates.</p> <p>FEU Manila garnered 20 top-notchers in these exams, while FEU Tech had 10, 2 of whom were first placers.</p>
<p>Student Outcomes JOB PLACEMENTS</p> <p>FEU Manila</p> <ul style="list-style-type: none"> • Sixth most preferred school for hiring fresh graduates by JobStreet.com report <p>FEU Cavite</p> <ul style="list-style-type: none"> • 200 of 211 or 95% were employed 	<p>FEU graduates appear to be highly employable.</p> <p>The <i>2018 Fresh Graduate Report of JobStreet.com</i> ranks FEU as the employer-respondents’ 6th most preferred school for hiring fresh graduates.</p> <p>An impressive outcome for FEU Cavite was that 95% of its entire class of 2017 (200 of the 211 graduates) were employed within one year of graduation.</p>

 <p>FACULTY CREDENTIALS & ENDEAVORS</p> <ul style="list-style-type: none"> • System-wide: 1,498 faculty <ul style="list-style-type: none"> • 434 (29.0%) RFT • 479 (32.0%) LFT • 22.1% doctorate degree • 62.9% master's degree 	<p>The profile of the faculty in FEU schools is in flux due to the K-12 transition period and FEU's acquisition of RCI in May 2016. The first reason has temporarily contracted teaching loads in college departments but opened up teaching slots in senior high school, while the second reason has expanded FEU's program offerings in basic education. As a consequence of the two factors, as of the first term of AY 2017-2018, the basic-education departments accounted for 26.3% of the teaching corps - a share that is bound to fall in the next few years as college enrollment normalizes. Tenure has been affected as well. System-wide, only 29% of the faculty have permanent status. Again, as college enrollment normalizes, the number and percent share of tenured faculty can be expected to rise. System-wide (but not counting the law faculty, which has a different credentials reckoning), 22.1% of the full-time college faculty have earned doctorate degrees, while 62.9% have master's degrees.</p>
 <p>FACULTY CREDENTIALS & ENDEAVORS FEU MANILA FACULTY SCHOLARS</p> <ul style="list-style-type: none"> • 37 faculty scholars mostly enrolled in doctoral studies <ul style="list-style-type: none"> • Three FEU-funded at Taylor's University, Malaysia • One DAAD scholar enrolled in <u>Universität</u> Bayrouth, Germany • Three DOST-funded • One CHED-funded enrolled in Carnegie Mellon Univ, Australia • 30 CHED-funded enrolled mostly in UP and DLSU • Eight FEU-funded for one-year financial assistance for doctoral studies 	<p>These academic credentials are due to become even better in the next few years. FEU Manila provided funding to 3 faculty members to enable them to pursue their doctoral studies in Taylor's University, Malaysia. It also facilitated CHED scholarship grants for 31 faculty members.</p>
 <p>FACULTY CREDENTIALS & ENDEAVORS FEU TECH FACULTY SCHOLARS</p> <ul style="list-style-type: none"> • Seven faculty scholars <ul style="list-style-type: none"> • Three FEU Tech-funded enrolled in PhD Civil Eng'g in DLSU • Seven CHED-funded enrolled in UP, Mapua, DLSU, and UE 	<p>In the case of FEU Tech, 3 faculty members were provided with scholarship grants to pursue the PhD in Civil Engineering, while 7 were successfully endorsed to the CHED and are enrolled in various graduate programs.</p>

 <p>FACULTY CREDENTIALS & ENDEAVORS FEU MANILA RESEARCH PAPERS</p> <ul style="list-style-type: none"> • 40 published papers <ul style="list-style-type: none"> • 28 ISI or Scopus indexed • Six yet-unpublished • 13 on-going research projects • 40 papers presented in international conferences • 66 papers presented in local conferences 	<p>During the academic year, the faculty of FEU Manila published 40 papers, 28 of them ISI- or Scopus-indexed journals. They completed 6 yet-unpublished research papers; and had 13 ongoing research projects. And they presented 40 papers in international conferences and 66 in locally organized forums.</p>
 <p>FACULTY CREDENTIALS & ENDEAVORS</p> <p>FEU TECH RESEARCH PAPERS</p> <ul style="list-style-type: none"> • Five published papers <ul style="list-style-type: none"> • One ISI or Scopus indexed • 19 submitted reports • 25 papers presented in international conferences • Eight papers in local conferences <p>FEU CAVITE RESEARCH PAPERS</p> <ul style="list-style-type: none"> • One completed unpublished papers • Four papers presented in local conferences 	<p>For its part, FEU Tech faculty published 5 articles, 1 in a Scopus-indexed journal. They submitted 19 research reports; and presented 25 papers in international conferences and 8 in local symposiums. In the case of FEU Cavite, its faculty presented 5 papers in national conferences.</p>
 <p>ACCREDITATIONS & RECOGNITION</p> <p>AUTONOMOUS STATUS Valid until 31 May 2019</p> <p>CHED CENTER OF DEVELOPMENT Valid until 31 December 2018</p> <p>CHED CENTER OF EXCELLENCE Valid until 31 December 2018</p>	<p>Among the FEU Group of Schools, FEU Manila is the furthest along on external validations of academic excellence. The CHED conferred it the Autonomous University status until May 2019. The Commission also recognized its teacher-education programs as a Center of Excellence and its business administration program as a Center of Development.</p>
 <p>ACCREDITATIONS & RECOGNITION</p> <p>ISO 9001:2008 CERTIFIED INTERNATIONAL ORGANIZATION FOR STANDARDIZATION</p> <p>ASSOCIATE STATUS INTERNATIONAL CENTRE OF EXCELLENCE IN TOURISM AND HOSPITALITY EDUCATION</p> <p>MEMBER AACSB ASSOCIATION TO ADVANCE COLLEGIATE SCHOOLS OF BUSINESS</p> <p>ASSOCIATE MEMBER AN-QA ASIAN UNIVERSITY NETWORK QUALITY ASSURANCE</p>	<p>FEU Manila has international recognitions. These include being an associate member of the ASEAN University Network - Quality Assurance; a member of the Association to Advance Collegiate Schools of Business for its BS Accountancy, BS Business Administration, and Master of Business Administration programs; and an associate member of the International Centre of Excellence in Tourism and Hospitality Management for its BS Tourism Management and BS Hotel and Restaurant Management programs.</p>

 <p>ACREDITATIONS & RECOGNITION</p> <ul style="list-style-type: none"> • FEU Manila's eight programs have Level 4 accreditation from PACUCOA and PAASCU • FEU Tech's BS Information Technology has Level 2 PAASCU accreditation and Level 1 for BS Computer Eng'g • RCI's junior high school program has Level 2 accreditation 	<p>70% of FEU Manila's program offerings are certified by the Federation of Accrediting Agencies of the Philippines, having been accredited by either the PACUCOA or the PAASCU; and 8 of these undergraduate programs have level 4 - the highest - accreditation from the PACUCOA.</p> <p>In the case of the other schools, FEU Tech's BS Information Technology program has level 2 accreditation from the PAASCU, while its BS Civil Engineering and BS Computer Engineering programs have level 1 accreditation. RCI Rodriguez for its part has a PAASCU level 2 accreditation for its junior high school program.</p>
 <p>CONCLUSION</p> <p>Continuing to be inspired by its visionary founder Dr. Nicanor Reyes Sr., the FEU Group of Schools is reinventing itself in the 21st century - when technological change is accelerating and upending centuries-old models - to find new ways to provide accessible quality education to Filipinos and contribute to nation-building.</p> <p>The good news: It is well on its way to ascending the brightest heaven of its aspirations.</p>	<p>So to conclude and to sum up: Continuing to be inspired by its visionary founder Dr. Nicanor Reyes Sr., the FEU Group of Schools is reinventing itself in the 21st century - when technological change is accelerating and upending centuries-old models of schooling, teaching, and learning - to find new ways to provide accessible quality education to Filipinos and contribute to nation-building. The good news is: It is well on its way to ascending the brightest heaven of its aspirations.</p>
 <p>THANK YOU</p>	<p>Thank you for your attention.</p>

On motion made by Ms. Maria Carmencita A. Sayo and duly seconded, the Stockholders unanimously adopted and approved the following resolution:

Stockholders' Resolution No. 02-2018

“RESOLVED, That the Academic Report on Far Eastern University, Inc. of the President, Dr. Michael M. Alba, for the academic year 2017-2018 be, as it is hereby, noted.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,794,812	0	1,596
Percent of Shares Voted	99.99%	0%	0.01%

V. ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The next order of business was the notation of the Annual Report and approval of the Audited Financial Statements for the years ended 31 May 2018 and 2017 and the two months ended 31 May 2016.

At this juncture, the Chairman stood up to deliver his Message to the Stockholders.

Thank You, Mr. President for an extensive and exhaustive President's Report.

Fellow Stockholders.

As you can see, FEU is well on its way to achieving its **Aspirations 2020**.

We have consistently improved our Accreditation and External Performance scores, as we move upwards in the Regulatory Excellence goal. We remain Top Six in All Schools, and No. 1 in Engineering preference in the Job Street Survey, which is a critical part of our Matched Excellence goals. For Adaptive Excellence, we have made major strides with our proprietary DLECCT (Digital Learning, Effective Communication, and Critical Thinking) program, vastly improved WIFI capability in all campuses, and best in class CANVAS learning management system.

From our point of view, we have hurdled the most difficult part of K-12 with flying colors, and we can confidently claim we are a Top 5 School.

We are therefore proud of our Performance in the Latest Government Exams, where our graduates in Nursing, Medtech, LET - Elementary and Secondary Education, Accountancy, Civil Engineering, and Psychometry significantly outperformed the national average and generated Topnotchers in 4 areas.

Financial Report

FEU recorded a Net Income of ₱547 million during the worst period of K-12. While a 32% decline, this was anticipated due to the general absence of Freshmen and Sophomores in our Tertiary schools.

Revenues fell 7% as a 6000 plus drop in Tertiary enrolment was only partially offset by a 3000 increase in Senior High School Students. Expenses increased 4% with the full operation of Senior High School.

Assets grew to ₱13.2 billion, primarily due to a completed Roosevelt 4-story building and Gym, and ongoing projects in FEU Alabang, FEU Diliman, FEU Cavite and FEU Manila. Liabilities grew 32% due to loans and trade payables to support our building construction needs; however, these compared prudently and favorably with ₱9 billion in equity.

Looking Forward

We are proud to celebrate our 90th Founding Year this year with a number of activities, including a “Be Brave” story on FEU, the conferring of an Honorary Doctorate on outstanding Engineering graduate Ramon S. Ang, and the selection of 28 Outstanding Alumni to celebrate FEU’s 90th Anniversary.

If you look at the Annual Report, even the tamaraw is cooperating because there is a large increase in the number of tamaraws this year.

Our Infrastructure, as earlier mentioned, continues to grow with a renovated FEU Auditorium, a 4-story Roosevelt Rodriguez building, and a soon to be completed 17-story FEU Alabang building and new campus.

Best of all, despite increased competition from free tuition State Colleges, enrolment numbers for the school year 2018-2019 have increased due to our more extensive product line.

My thanks to all of you, our loyal shareholders, stakeholders, management, faculty, staff, and most especially our students for supporting us in these challenging times.

We will continue to press on, and to BE BRAVE.

The Chairman then opened the floor for questions or comments from the Stockholders on the Annual Report or the Audited Financial Statements.

Mr. Stephen Soliven asked if there is an exodus of faculty to other schools as a result of the K-12, and if there is an alleviation program for faculty.

Dr. Alba replied that there was a reduction in the number of faculty as there were no teaching loads, but he could not conclude if said faculty transferred to other schools. He reiterated that as reported, as much as 3,000 units of teaching assignments were deloaded. This means that the faculty members were retained in the FEU roster even without teaching loads. Around 120 faculty were retained and the same underwent training in preparation for the new programs in the coming school year.

With regards to the alleviation program, FEU Comptroller Glenn Nagal explained that an Enhanced Retirement Gratuity Program (ERGP) was offered. Faculty members who availed of the ERGP were endorsed to the Department of Labor and Employment and received a certain amount.

Since there were no more questions or comments, the Chairman thanked the Stockholders and asked for a motion for the notation of the Annual Report and approval of the Audited Financial Statements.

On motion made by Mr. Arnualdo B. Macapagal and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders' Resolution No. 03-2018

“RESOLVED, That the Annual Report covering the operations of Far Eastern University, Inc. (FEU) for the fiscal year 2017-2018 be, as it is hereby, noted, and that the audited Consolidated Financial Statements of FEU and its Subsidiaries and the audited separate Financial Statements of FEU for the years ended 31 May 2018 and 2017 and the two months ended 31 May 2016 be, as it is hereby, approved.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,794,812	0	1,596
Percent of Shares Voted	99.99%	0%	0.01%

VI. ACTS AND RESOLUTIONS DURING THE PAST YEAR OF THE BOARD OF TRUSTEES, BOARD AND MANAGEMENT COMMITTEES, AND MANAGEMENT AND OTHER OFFICERS

The next item in the Agenda was the approval, ratification and confirmation of all Acts and Resolutions during the past year.

Thereupon, on motion made by Mr. Glenn Z. Nagal and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders' Resolution No. 04-2018

“RESOLVED, That all the acts and resolutions of the Board of Trustees, Board and Management Committees, and Management and other Officers of Far Eastern University, Inc. taken or adopted since the Annual Meeting of Stockholders last 21 October 2017 until today, 20 October 2018, be, as it is hereby, approved, ratified and confirmed.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,794,812	0	1,596
Percent of Shares Voted	99.99%	0%	0.01%

VII. ELECTION OF MEMBERS OF THE BOARD OF TRUSTEES INCLUDING INDEPENDENT TRUSTEES

The next order of business was the election of the members of the Board of Trustees, including Independent Trustees, for the ensuing year.

The Chairman asked for a moment of silence in remembrance of the sudden and untimely passing of FEU's beloved Independent Trustee, Mr. Robert F. Kuan, on 15 September 2018.

Thereafter, at the request of the Chairman, Dr. Edilberto C. De Jesus, the Chairman of the Nomination Committee, reported that in accordance with FEU's Amended By-Laws and applicable rules and regulations, the following FEU Stockholders were duly nominated for election as members of the Board of Trustees of FEU for the term 2018-2019 and until their respective successor is duly elected and qualified:

①	Dr. Lourdes R. Montinola
②	Mr. Aurelio R. Montinola III
③	Dr. Michael M. Alba
④	Dr. Edilberto C. De Jesus
⑤	Ms. Angelina P. Jose
⑥	Mr. Antonio R. Montinola
⑦	Ms. Sherisa P. Nuesa
⑧	Dr. Paulino Y. Tan

Of the above-named nominees, two (2) were nominated as Independent Trustees, namely: ① Dr. Edilberto C. De Jesus, and ② Ms. Sherisa P. Nuesa.

Dr. De Jesus stated that the Nomination Committee had - at a meeting called for the purpose of vetting the Trustee-nominees - reviewed the qualifications of all the nominees and concluded that all the eight (8) nominees have met all the requirements to be elected as Trustee and are, therefore, qualified to serve as FEU Trustees. All the nominees have given their consent to their nomination.

On motion made by Ms. Fe V. Canilao and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders' Resolution No. 05-2018

“RESOLVED, That there being only eight (8) nominees, all votes be cast, as they are hereby cast equally, and that the eight (8) nominees named below be henceforth declared as the elected members of the Board of Trustees of Far Eastern University, Inc. for the ensuing term 2018-2019 or until their successors are duly elected and qualified:

①	Dr. Lourdes R. Montinola	Trustee
②	Mr. Aurelio R. Montinola III	Trustee
③	Dr. Michael M. Alba	Trustee

④	Dr. Edilberto C. De Jesus	Independent Trustee
⑤	Ms. Angelina P. Jose	Trustee
⑥	Mr. Antonio R. Montinola	Trustee
⑦	Ms. Sherisa P. Nuesa	Independent Trustee
⑧	Dr. Paulino Y. Tan	Trustee

As tabulated by the Office of the Corporate Secretary - with the assistance of Stock Transfer Services, Inc. and in the presence of the representatives of the External Auditor, Punongbayan & Araullo - the votes received by the nominees and their percentages to total shares voted, in person or by proxy, were as follows:

Trustee		Voted in Favor		Voted Against	Abstained
①	Dr. Lourdes R. Montinola	13,796,408	100%	0	0
②	Mr. Aurelio R. Montinola III	13,796,408	100%	0	0
③	Dr. Michael M. Alba	13,796,408	100%	0	0
④	Dr. Edilberto C. De Jesus	13,796,408	100%	0	0
⑤	Ms. Angelina P. Jose	13,796,408	100%	0	0
⑥	Mr. Antonio R. Montinola	13,796,408	100%	0	0
⑦	Ms. Sherisa P. Nuesa	13,796,408	100%	0	0
⑧	Dr. Paulino Y. Tan	13,796,408	100%	0	0

VIII. AUTHORITY OF THE BOARD OF TRUSTEES TO ELECT AND FILL THE VACANT SEAT OF AN INDEPENDENT TRUSTEE

The Chairman then announced that the next order of business was the authority of the Board of Trustees to elect and fill the vacant seat of an Independent Trustee, vice the late Mr. Robert F. Kuan.

On motion made by Ms. Angelyn R. Saret and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders' Resolution No. 06-2018

“RESOLVED, That the Board of Trustees be, as it is hereby, authorized to elect and fill the vacant seat of an Independent Trustee, vice the late Mr. Robert F. Kuan.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,794,812	0	1,596
Percent of Shares Voted	99.99%	0%	0.01%

IX. APPOINTMENT OF EXTERNAL AUDITOR

The next item in the Agenda was the appointment of External Auditor for the fiscal year 2018-2019.

The Chairman requested Ms. Sherisa P. Nuesa, the Chairman of the Audit Committee, to explain the item. Ms. Nuesa informed the Stockholders that the Audit Committee (AuditCom) evaluated the performance of FEU's present independent auditor, Punongbayan & Araullo, and stated that the AuditCom is satisfied with their performance.

Hence, the AuditCom and the Board of Trustees have agreed to endorse to the Stockholders, for their approval, the reappointment of Punongbayan & Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton International, Ltd., as the External Auditor of FEU for the fiscal year 2018-2019. The fees to be negotiated by Management.

On motion made by Ms. Marites G. Dacayanan and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders' Resolution No. 07-2018

“RESOLVED, That Punongbayan & Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton International, Ltd., be, as it is hereby, reappointed as the External Auditor of Far Eastern University, Inc. for the fiscal year 2018-2019, and that the External Auditor's fees shall be negotiated by Management.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,794,812	0	1,596
Percent of Shares Voted	99.99%	0%	0.01%

X. OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING

After confirming that there were no other matters that require consideration by the Stockholders, the Chairman then opened the floor for questions and comments from the Stockholders.

Mr. Edgar Ngo raised the following issues:

- 1) What is the cause of the reduction in income for FY 2017-2018?

Chief Finance Officer (CFO) Juan Miguel Montinola responded that principally the reduced income was due to the overall decrease in the number of students by 10%. The effect of the large drop in the tertiary level by 6,500 students impacted results as tuition levels here are greater than for basic education students. He added that FY 2017-2018 was the most difficult year as there were no freshmen and sophomore students.

- 2) Will there be an increase in student volume in AY 2018-2019?

CFO Juan Miguel Montinola was happy to report that with new freshmen students, a 20% increase in student population was recorded for AY 2018-2019. In fact, though only in the 3rd year of the 5-year transition period for K-12, the FEU Group of Schools' total population is back to its peak level of approximately 40,000 students. He added that with the new facilities, increased enrollment is anticipated.

However, the problems of K-12 are not yet over as it will take 5 years to work out. Further, the proportion of tertiary students is still not the same as in the past when FEU was basically all tertiary. The tertiary level's ratio today is approximately 69% of total student population.

- 3) Did operations in Roosevelt College Inc. (RCI) stop?

CFO Juan Miguel Montinola clarified that RCI continues to operate. He explained that RCI had 5 campuses. The Cubao and San Mateo campuses are very small and it was impossible and unsafe to operate and construct at the same time. The shutdown of operations in said campuses was rationalized to pave the way for new construction.

In comparison, the Rodriguez campus is large and operations continued even as a 4-story building was constructed. On its first year, the Rodriguez building was fully utilized.

He stressed that RCI operations will continue and a lot of growth is expected.

- 4) Can FEU sustain the ₱8 cash dividend in view of the decrease from ₱12 to ₱8?

CFO Juan Miguel Montinola answered that FEU hopes to continue paying the cash dividend every year, however, there is no guaranty. Due to the K-12, the cash dividend amount was reduced compared to previous years. He emphasized that FEU has invested in systems, academic quality and facilities. As such, the University is well positioned to recover and grow.

- 5) Will there be a stock dividend in the future?

The CFO explained that conditions in the past permitted the distribution of stock dividends. The current thinking is to plow back into operations because that will improve the University's standing. As such, FEU made acquisitions and is simultaneously building facilities in different

campuses. Mr. Montinola stated that Management does not foresee a stock dividend declaration in the near future.

Chairman Aurelio R. Montinola III further explained that FEU is in a growth and building mode. Two buildings are presently under construction and a third building is being considered in the RCI campuses. FEU Alabang has a new building which will take 2-3 years to completely fill up though depreciation cost will be taken up in the books upon operations. On the other hand, FEU is fortunate to have undertaken building constructions 4 or 5 years ago as the construction trend has increased tremendously.

On cash dividend declarations, he added that though Management and Shareholders alike welcome these declarations, the current financial statements which reflect an income of only half of the earnings two years ago is causing the constraint.

To conclude, the Chairman referred to the President's report on the external challenges facing the University, namely: free tuition in state universities and colleges and the second package of the comprehensive Tax Reform Program with a potential tax rate increase for educational institutions.

Mr. Stephen Soliven asked what happened to the teachers during the critical K-12 educational reform program?

The CFO responded that as a result of K-12, fewer faculty were needed. But as part of faculty development and continuing to invest for the future, FEU retained faculty even if they had no students. These faculty were deployed to undertake other school work and credentials uplifting primarily through the FEU-sponsored PhD program.

Unfortunately, we were not able to support all and some faculty had to go. FEU provided for a voluntary and enhanced retirement program which was appreciated by the affected faculty.

The Chairman, on behalf of the Board of Trustees and Management, extended his thanks to all the Stockholders for their continuing support and confidence in Far Eastern University.

XI. ADJOURNMENT

There being no further business to transact, the Annual Stockholders' Meeting was, on motion made by Ms. Elena F. Gemzon and duly seconded, adjourned at 4:15 p.m.

SANTIAGO L. GARCIA JR.
Corporate Secretary

Attested by:

AURELIO R. MONTINOLA III
Chairman of the Board