

**MINUTES OF THE REGULAR ANNUAL MEETING OF STOCKHOLDERS
OF FAR EASTERN UNIVERSITY, INC.
UNIVERSITY CONFERENCE CENTER
ROOM 101, GROUND FLOOR, ARTS BUILDING
FAR EASTERN UNIVERSITY, MANILA
27 AUGUST 2016**

Upon written notice issued by the Corporate Secretary, the regular annual meeting of stockholders was held on 27 August 2016.

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

Trustees Present at the Meeting:

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

External Auditor Present at the Meeting: Punongbayan and Araullo

| | | |
|------------------------|---|-------------------|
| Marivic C. España | - | Chairperson & CEO |
| Christopher M. Ferarez | - | Audit Partner |

Independent Party Assigned to Verify Ballot Count at the Meeting: Stock Transfer Service, Inc.

| | | |
|-------------------|---|----------------------|
| Antonio M. Laviña | - | President |
| Richard D. Regala | - | General Manager |
| Michael C. Capoy | - | Supervisor |
| Marites F. Yumol | - | Securities Processor |

Voting was done through ballots.

I. DECLARATION OF QUORUM

Corporate Secretary Angelina Jose announced that there were present, in person and by proxy, 13,734,318 representing 83.35% of the total issued and outstanding capital stock of the Corporation entitled to vote. Thereupon, the Chairman 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 Amended By-Laws of Far Eastern University Inc. (FEU), the regular annual meeting of stockholders would be held on 27 August 2016 at 3:00 p.m. at the University Conference Center, Room 101, Arts 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 08 August 2016. 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 starting 08 August 2016.

III. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

The Chairman announced that the minutes of the 22 August 2015 annual stockholders' meeting were posted on FEU's investor website last 27 August 2015. Copies were likewise made available to all stockholders present and were posted at the entrance of the meeting room.

Upon motion of Ms. Raquel Rapirap, duly seconded, it was

- (1) RESOLVED, That the reading of the minutes of the regular annual meeting of stockholders held on 22 August 2015 be dispensed with and that said minutes be approved as presented, in as much as the same have been posted on FEU's Investors website and copies were made available to all stockholders present.

Vote breakdown:

| | Approve | Disapprove | Abstain |
|------------------------|------------|------------|---------|
| Number of Shares Voted | 13,734,318 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |

IV. **ACADEMIC REPORT OF THE PRESIDENT**

The President, Dr. Michael Alba, presented to the stockholders the President's Report for Academic Year 2015-2016. The President summarized his report as follows: *"FEU appears to be flourishing even as it braces for the downturn in enrollments in higher education at least over the next two years. Strategically, it is taking innovative and well-considered steps – in talent management and development as well as in capacity building- to ensure that it comes out of the K-12 transition period even stronger and better as a system of academic institutions in the service of the country and the Filipino people."*

The highlights of his report are listed below:

- 1. Quality confirmation of academic programs
 - a. FEU Manila was conferred by CHED the Autonomous University status, the highest in the vertical typology of CHED CMO 46 series of 2012.
 - b. Designated the teacher education programs as a Center of Excellence and the business administration program as a Center of Development.
 - c. PACUCOA accorded Level IV status to the campus's eight flagship programs.
 - d. Received international recognition as associate member of the International Centre of Excellence (THE-ICE) for BS Tourism Management and BS Hotel and Restaurant Management.

- e. Accepted as member of the Association to Advance Collegiate School of Business (AACSB) for BS Accountancy, BS Business Administration, and Master of Business Administration.
 - f. Passing rates of various professional licensure examinations in the four (4) FEU campuses were generally improving as well as higher than the national averages.
 - g. FEU Manila and FEU Tech had 22 top-notchers in the 2015 and 2016 licensure examinations in architecture, basic education teaching, engineering, medical technology, and nursing graduates.
2. Growth and expansion
- a. Opening of Grade 11 in FEU High School for AY 2016-2017 with 1,985 students.
 - b. Groundbreaking of FEU Alabang in November 2015 and building construction scheduled to start in September 2016 for targeted completion in 2018.
 - c. Acquired a controlling stake in Roosevelt College Inc., an 80-year, private, non-sectarian, for-profit educational institution with five (5) campuses in Quezon City, Marikina City, Cainta, San Mateo, and Rodriguez Rizal with a total student population of about 5,000.
3. How did the FEU system of schools fare in the normal course of operations?
- a. Talent management and development
 - Key administrative and academic positions were filled.
 - FEU Manila rewarded with 28 CHED faculty grants in various disciplines aligned with the professor's departmental affiliations; 21 faculty members will pursue doctoral studies.
 - FEU Manila implemented two (2) early retirement gratuity programs.
 - b. Programs and services development
 - FEU system of schools produced 7,273 graduates, an increase of 11.7% over the previous academic year.
 - FEU system-wide has a total enrollment of 39,894 more or less the same as last year's.
 - Continuing relentless efforts to both increase the number of accredited programs and upgrade accreditation levels.
 - c. Student Development
 - Implemented development plans and pioneering projects resulting in significant achievements in student awards, partnerships, research activities, and linkages; mainly due to the student leaders' active engagement in student-organization activities focused on discursive forums and volunteer work.
 - d. Partnerships and Placements
 - Developed a three year strategic plan aligned with FEU Aspiration Statement 2020; core pillars are a revitalized alumni community and an intensified network of industry partners.
 - Initial results of the FEU QUEST (Questionnaire on Employment and Tracer Status) reported increased number of job-placements to 95 firms.

e. Research and Linkages

- Significant increase in research publications in the forms of journal articles and chapters in books due to aggressive campaign to improve faculty participation in research activities.

f. Community Extension and Outreach Services

- Backed by FEU Manila's IARFA, FEU Cavite entered into a tripartite agreement with the municipal government of Silang, Cavite, and the parish pastoral council of the Nuestra Senora de Candelaria Cathedral to have the church's 300-year old *retablos* declared a national heritage artifact.
- As the President was appointed director of the regional secretariat in the NCR of the Private Education Assistance Committee (PEAC) for AY 2015–2016, FEU's Assistant to the President as secretariat coordinator processed subsidy applications of 250 private high schools in the NCR that participate in DepEd's education contracting scheme; the total value of the claims processed amounted to almost a billion pesos.

g. Public Policy Center

- Completed three seminars: "*The Bangsamoro Initiative: The Price of Peace*"; "*Who is the Filipino Millennial*"; and *Millennial Talk Series: Who is your Leader?*"
- The groundbreaking study on the Filipino Millennial as a college freshman attracted wide media attention and garnered for Eon (the university's press relations firm) a coveted Philippine Quill Award for excellence.

h. Admissions and Financial Assistance

- Expanded its articulation programs to include room-to-room campaigns in FEU schools to make students the university's ambassadors.
- Streamlined the application process and conducted stricter screening procedures to improve further its financial assistance services.

i. Guidance and Counselling

- Provided responsive, dynamic, innovative and accountable services like the Tams Advocacy Programs (TAP), which consists of the Peer Counseling Program, Drug Abuse Prevention Program, and Anti-Bullying Program.
- Offered creative therapies as well as other support group programs for preventive guidance and catharsis.

j. Library

- Purchased 2,470 volumes amounting to P6.4 million.
- Gifts from friends of the library included a P0.5 million donation in kind: books with copyrights from 2014 to 2016.
- Beefed up its digitization services.
- Organized two events "*Ang Paglalalatag ng Pilipinas sa Mapa*" (with the Philippine Map Collectors Society) and the *Dr Lourdes Reyes Montinola World War II Collection Exhibit*" as a showcase to commemorate the 71st anniversary of the Fall of Manila.

- k. Education Technology
 - Upgraded education-technology infrastructure in terms of functionality, reliability, and utility with procurement of new web and application servers and Lenovo desktop computer units.
 - Installed two interactive classrooms designed to provide collaborative learning environment.
- l. Presidents' Committee on Culture
 - Soft-launched FEU Cultural App, the only mobile audience-development application of its kind among schools and cultural organizations. The app sets FEU's art-deco campus, treasure trove of paintings and sculptures, and all PCC-organized events.
 - Hosted a team of Harvard Business School (HBS) students who were assigned to study how attendance to PCC's cultural offerings may be improved.
- m. Championship of Men's Basketball in UAAP Season 78

In closing, the President said the full impact of the many initiatives that are currently being undertaken will not be seen for many years. He is optimistic about FEU's prospects and confident that it is moving ever closer to its institutional aspiration to be among the top five universities in the country.

On motion of Ms. Yolanda Bello, duly seconded, it was

(2) RESOLVED, That the Academic Report of the President, Far Eastern University, Inc. for the Academic Year 2015-2016 be, as it is hereby noted.

| | Approve | Disapprove | Abstain |
|------------------------|------------|------------|---------|
| Number of Shares Voted | 13,734,216 | 0 | 2,863 |
| % of Shares Voted | 83.35% | 0 | 0.02% |

V. **APPROVAL OF THE ANNUAL REPORT**

Copies of the Annual Report were made available to the stockholders present.

Chairman Aurelio Montinola III thanked the stockholders for taking the time to come to FEU's Annual Meeting. He informed the body that this is the last time the annual meeting will be held in August. Consistent with the university's move to start classes in August instead of June, FEU's fiscal year was changed to June 1 to May 31. Thus, the Annual Meeting next year will be in October.

He acknowledged President Alba's comprehensive report on significant improvements in academic related matters as well as planned expansion into various areas.

Regarding employment, the Chairman reported that FEU marginally improved to fifth place in the Job Street survey for schools with the most employable graduates. Based on a limited survey, approximately over 90 per cent of FEU graduates are able to get jobs after graduation, pursue post graduate courses, or start a business.

Further, groundbreaking for an FEU campus in Filinvest Alabang and renovation of the Nursing Building in time for an FEU High School were accomplished.

Financial results for FY 2015-2016, were strong and secure, as revenues grew 10%, and exceeded the ₱3 billion level for the first time, partially due to additional students in FEU's Institute of Technology. Overall student population rose to 39,894. Expenses rose eight per cent, while Net Income grew by 14% to ₱1.2 billion due to the higher student population, a modest tuition increase, and unceasing cost cutting initiatives.

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On the Student Accomplishment front, FEU was awarded its third consecutive Ten Outstanding Student awardee, and several CHED selections for international conventions. The university's Men's Basketball team dramatically won a record 20th UAAP championship, and both the Men's Track and Field and Juniors Football teams recorded their sixth consecutive UAAP championships.

The President's Committee on Culture continues as the best university cultural offering, and FEU has launched a Cultural App, which is a first in the Philippines. Various Corporate Social Responsibility projects in community extension, volunteerism, and environmental projects are pursued.

FEU remains among the Top 50 listed companies in Corporate Governance.

Looking forward, the Chairman noted financial storm clouds ahead, as the landmark K-12 program is now implemented. A drop of 8,000, mostly freshmen students for 2016, and a similar number for the following year is projected. As a result of this two year gap in freshmen, lower income numbers for the next few years are expected, and maintaining FEU's historical regular dividend flows will have to be evaluated. In terms of providing graduates to the job market, 2020 and 2021 will be the difficult years for employers seeking college graduates as new hires.

Nevertheless, Mr. Montinola assured the stockholders that the FEU Board has decided to face the situation squarely and think long term even if there will be short term significant pain.

With less freshmen intake due to K-12, FEU availed of the opportunity to send 29 faculty, or approximately 11 % of total regular faculty for CHED and other full time training programs. Said faculty took up aligned Master's and Doctoral Degrees to improve their academic credentials.

Moreover, the FEU High School opened effective June with about 2000 enrollees in Grade 11.

In May 2016, FEU also acquired Roosevelt College, Inc. (RCI). Its five campuses will double FEU's campus total to 10, and its Basic Educational thrust complements FEU's tertiary education expertise. Transition has been smooth, as RCI has retained its 5,000 students with the new FEU management.

The Chairman reiterated that FEU remains committed to its core values of an affordable, accessible quality education for students and a meaningful career for faculty and employees.

He thanked the Board, the management, the faculty, the employees, and particularly the shareholders and stakeholders for their unwavering support during the past years and extended his best wishes to all in these challenging times ahead.

As a closing thought, Mr. Montinola also recognized the contributions of Ms. Corazon Garcia, who will be stepping down as Consultant to the Chairman's Office after having religiously attended all Stockholders' meetings and all Foundation Day ceremonies for the past 59 years.

The Chairman welcomed questions from the stockholders.

Mr. Edgar Ngo asked if the cash dividend declared regularly by the corporation will be stopped due to the K-12 program. In response, Chairman Montinola said that every effort will be made to maintain the cash dividend. Mr. Montinola emphasized that at present, focus is on the renovation of facilities. This year will be an evaluation year and a decision will probably be made at the start of 2017.

Mr. Ngo also asked if FEU has primary and secondary students. The Chairman replied that FEU High School, FEU Diliman, FEU Cavite and Roosevelt College Inc. all offer primary and secondary education.

Ms. Esperanza Lopez commented on the proliferation of fake school documents along Recto Street and inquired if the university has taken steps to address the problem.

President Alba replied that prospective employers have a way of checking the authenticity of transcripts and certificates. Some employers have called the university to check on the veracity of school documents submitted to them. Chief Finance Officer (CFO) Juan Miguel Montinola added that security features have been added to FEU documents to safeguard its legitimacy.

On motion of Mr. Arnualdo Macapagal, duly seconded, it was

- (3) **RESOLVED**, That the Annual Report of Far Eastern University, Inc. covering the operations for the Fiscal Year 2015-2016 be approved, ratified and confirmed.

Vote breakdown:

| | Approve | Disapprove | Abstain |
|------------------------|------------|------------|---------|
| Number of Shares Voted | 13,734,216 | 0 | 2,863 |
| % of Shares Voted | 83.35% | 0 | 0.02% |

VI. RATIFICATION AND CONFIRMATION OF THE ACTIONS OF THE BOARD OF TRUSTEES AND OFFICERS

The Chairman reported that all resolutions approved by the Board of Trustees for the Fiscal Year 2015-2016 as disclosed to the Securities and Exchange Commission and Philippine Stock Exchange were included in the Definitive Information Statement (SEC form 20 IS) sent to all stockholders.

On motion of Ms. Estrella Ampatin, duly seconded, the following resolution was passed:

- (4) **RESOLVED**, That all acts and resolutions of the Board of Trustees, Executive Committee, other Board Committees, and officers of Far Eastern University, Inc. in the furtherance of the matters covered by the annual report for the fiscal year 2015-2016 and the period from 01 April to 31 May 2016 be approved, ratified and confirmed.

Vote breakdown:

| | Approve | Disapprove | Abstain |
|------------------------|------------|------------|---------|
| Number of Shares Voted | 13,734,216 | 0 | 2,863 |
| % of Shares Voted | 83.35% | 0 | 0.02% |

VII. AMENDMENT TO AMENDED ARTICLES OF INCORPORATION

Mr. Montinola then informed the body of the proposed amendment to Article Second of the Amended Articles of Incorporation. He explained that the said amendment and corporate power will enable the Corporation's subsidiaries to obtain credit facilities from banks and other entities from time to time. Said credit facilities will be supported by a guarantee of the Corporation.

The following resolutions were approved by the Board of Trustees at its 21 July 2016 Special Board meeting:

- A) A resolution to amend Article Second of the Amended Articles of Incorporation adding the following purpose:

(c) to assume, guarantee, act as surety, endorse or otherwise become directly or contingently liable, whether as principal, surety, guarantor or co-debtor, for or in connection with any debt or other obligations of any subsidiary in which the Corporation owns at least seventy five percent (75%) of the outstanding voting capital stock of such subsidiary.

- B) A resolution authorizing the Board of Trustees of the Corporation to cause the application for the amendment to the Amended Articles of Incorporation to be filed with and approved by the Securities and Exchange Commission, and to thereafter promulgate such resolutions and to take such steps as it may deem necessary and desirable in order to implement such additional corporate power.

The CFO further explained that the proposed amendment is mainly due to the acquisition of RCI which needs funding for the renovation of facilities for its five campuses. FEU will guaranty a subsidiary where the corporation owns at least 75% of the outstanding stock. Subsidiary schools will be able to avail of credit services offered by banks at good rates due to FEU's good credit standing.

Ms. Lopez inquired if there are plans to change the name of RCI. The CFO replied that at present, concentration is on improving facilities and uplifting the operations.

In response to Ms. Lopez's query on the percentage of FEU's ownership in RCI, the CFO replied that FEU has 90% ownership.

In reply to Mr. Ngo's question on the total amount of purchase, the CFO clarified that the total purchase price of ₱1.25 billion is for 99.42% of the outstanding shares of RCI. After deducting the amount for contingent and actual liabilities, and considering the actual available shares for sale, the actual cash out is approximately ₱900 million for approximately 90% of the company.

On motion of Ms. Carmencita Sayo, duly seconded, it was

- (5) **RESOLVED**, That the following resolutions approved by the Board of Trustees at its 21 July 2016 special meeting be ratified and confirmed:

- a) **RESOLVED**, AS IT IS HEREBY RESOLVED, that the Board of Trustees of Far Eastern University, Inc. (the "Corporation"), approve, as it hereby approves, the amendment to Article Second of the Amended Articles of Incorporation, such that it will read as follows:

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

x x x

(c) to assume, guarantee, act as surety, endorse or otherwise become directly or contingently liable, whether as principal, surety, guarantor or co-debtor, for or in connection with any debt or other obligations of any subsidiary in which the Corporation owns at least seventy five percent (75%) of the outstanding voting capital stock of such subsidiary.

- b) Resolved further, that the Board of Trustees of the Corporation be authorized to cause the application for the amendment to the Amended Articles of Incorporation to be filed with and approved by the Securities and Exchange Commission, and to thereafter promulgate such resolutions and to take such steps as it may deem necessary and desirable in order to implement such additional corporate power.

Vote breakdown:

| | Approve | Disapprove | Abstain |
|------------------------|------------|------------|---------|
| Number of Shares Voted | 13,734,318 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |

VIII. NOMINATION AND ELECTION OF TRUSTEES AND INDEPENDENT TRUSTEES

Mr. Montinola informed the body that the Nomination Committee has reviewed and evaluated the qualifications of the final list of nominees and such were disclosed in the Definitive Information Statement distributed to all stockholders.

The Chairman declared the table open for nominations for the positions of Trustees and Independent Trustees of Far Eastern University, Inc. for the Fiscal Year 2016-2017.

Upon motion of Ms. Fe Canilao, duly seconded, the following were nominated in accordance with the criteria stated in FEU's Amended By-Laws and SEC Memorandum Circular No. 2 series of 2002, Code of Corporate Governance for the Fiscal Year 2016-2017 or until their successors are duly elected and qualified:

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 only nine nominees, the Chairman suggested that all votes be cast equally among the nine nominees for the nine seats on the Board.

Upon motion of Ms. Raquel C. Nakayama, duly seconded, it was

(6) 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 as elected members of the Board of Trustees of Far Eastern University, Inc. for the Fiscal Year 2016-2017 or until their successors are duly elected and qualified:

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

Vote breakdown for each Trustee:

| | Approve | Disapprove | Abstain |
|------------------------------|------------|------------|---------|
| Dr. Lourdes R. Montinola | 13,734,284 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Mr. Aurelio R. Montinola III | 13,734,284 | 102 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Dr. Michael M. Alba | 13,734,284 | 0 | 2,863 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Mrs. Angelina P. Jose | 13,734,284 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Dr. Paulino Y. Tan | 13,734,284 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Mr. Antonio R. Montinola | 13,734,284 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Ms. Sherisa P. Nuesa | 13,734,284 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Dr. Edilberto C. de Jesus | 13,734,284 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |
| Mr. Robert F. Kuan | 13,734,284 | 0 | 2,863 |
| % of Shares Voted | 83.35% | 0 | 0.02% |

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IX. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman opened the table for the appointment of the external auditor for the Fiscal Year 2016-2017.

Upon motion of Ms. Maritess Dacayanan, duly seconded, it was

(6) RESOLVED, That the firm PUNONGBAYAN and ARAULLO be appointed External Auditor of Far Eastern University, Inc. for the Fiscal Year 2016-2017.

Vote breakdown:

| | Approve | Disapprove | Abstain |
|------------------------|------------|------------|---------|
| Number of Shares Voted | 13,734,318 | 0 | 2,761 |
| % of Shares Voted | 83.35% | 0 | 0.02% |

Ms. Lopez asked how much was the fee charged by Punongbayan and Araullo. Ms. Sherisa Nuesa, Independent Trustee and Chair of the Audit Committee replied that for FY 2015-2016, total fees for services rendered amounted to ₱985,000.00 plus 12% VAT while out of pockets expenses totaled ₱118,200.00 plus 12% VAT.

X. OTHER MATTERS

Mr. Guillermo Gili, Jr. asked if there is an offer from the SM Group to purchase FEU and the Chairman replied that he is not aware of any such offer.

The Chairman also noted the suggestion of Ms. Lopez for a token for stockholders attending the annual meeting.

XI. ADJOURNMENT

On behalf of the Board of Trustees and the administration, the Chairman extended his thanks to all stockholders for their continuing support and confidence in Far Eastern University. There being no further business to transact and on motion of Ms. Fe Canilao, duly seconded, the meeting was adjourned at 4:15 p.m.


ANGELINA P. JOSE
Secretary

Noted:


AURELIO R. MONTINOLA III
Presiding Officer