

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
19 October 2019

The Annual Meeting of Stockholders of The **Far Eastern University**, Incorporated (FEU), doing business under the name and style Far Eastern University, was held at the Multi-Purpose Room, 4/F Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila on 19 October 2019, in accordance with Sections III (Meetings) and VII (Annual Meeting) of FEU's Amended By-Laws.

I. CALL TO ORDER

The Lead Independent Trustee, Dr. Edilberto C. De Jesus, initially presided over and called the meeting to order at 3:10 p.m. The Corporate Secretary recorded the minutes of the meeting.

The Presiding Officer welcomed the Stockholders to the 2019 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 Presiding Officer and announced to the assembly that in accordance with the Amended By-Laws 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 30 September 2019, the record date of the meeting. Notice of the meeting was submitted to the Philippine Stock Exchange, Inc. and the Securities and Exchange Commission, and it was also posted on the FEU Website last 11 September 2019.

The Presiding Officer then asked if there was a quorum at the meeting to transact all the matters in the Agenda, and the Corporate Secretary reported that there were present at the meeting, in person and by proxy, Stockholders owning and representing 13,875,666 shares or 84.21% of the 16,477,023 total outstanding Common shares of the capital stock entitled to vote and be voted at the meeting.

Thereupon, the Presiding Officer 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	Lead Independent Trustee, Audit Committee Member, Corporate Governance Committee Chairman, Nomination Committee Chairman, and Risk Management 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, Risk Management Committee Member, and Talent Management Committee Member
⑧	Mr. Jose T. Sio	Trustee
⑨	Dr. Paulino Y. Tan	Trustee, Executive Committee Member, Audit 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.):

1. Punongbayan & Araullo, the Philippine member firm of Grant Thornton International, Ltd.

Mailene Sigue-Bisnar	Partner
Mark Ian Carrasco	Manager

2. Stock Transfer Service, Inc.

Ricardo D. Regala, Jr.	General Manager
Michael C. Capoy	Assistant Manager
Reynand C. Malayao	Supervisor
Kathlyn V. Flaminiano	Securities Processor
Marites F. Yumol	Securities Processor

III. MINUTES OF ANNUAL MEETING OF STOCKHOLDERS ON 20 OCTOBER 2018

The Presiding Officer then proceeded to the next order of business, which was the approval of the minutes of the Annual Stockholders' Meeting held on 20 October 2018. 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 last year, 26 October 2018.

On motion made by Ms. Cherry Wyne E. Inciong and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders' Resolution No. 01-2019

“RESOLVED, That the reading of the minutes of the Annual Meeting of Stockholders held on 20 October 2018 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 since 26 October 2018 and copies were provided to all the Stockholders present.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,805,355	3,322	66,989
Percent of Shares Voted	83.79%	0.02%	0.41%

IV. ACADEMIC REPORT OF THE PRESIDENT

The next item in the Agenda was the Academic Report of the President for the academic year 2018-2019.

At this point, the President presented his 2018-2019 Academic Report to the Stockholders:

The President's Annual Report 2019
Good afternoon, ladies and gentlemen. I am pleased to present my annual report for 2019.
As you know, Far Eastern University, Incorporated, as of today, is the parent company of five (5) corporations, namely: East Asia Computer Center, Inc. (EACCI); Far Eastern College Silang, Inc.; FEU Alabang, Inc.; FEU High School, Inc.; and Roosevelt College, Inc.
FEU, Inc., itself operates FEU Manila and FEU Makati (which is an extension campus of FEU Manila).
EACCI does business under the names and styles of FEU Institute of Technology and FEU Diliman, and also powers FEU Alabang. Far Eastern College Silang, Inc., operates FEU Cavite. And FEU High School and Roosevelt College operates schools under their names.
Edustria, on the other hand, is a joint venture with the Technological Institute of the Philippines.
Allow me to start with some statistics, really to get them out of the way. Here let me summarize the data on enrollment, graduates, licensure exam outcomes, and the faculty.
Enrollment

In AY 2018–2019, student enrollment in the FEU Group of Schools was registered at 40,289.

This represented an 11.1% increase in student population from AY 2017–2018 but was only 1.6% higher than in AY 2016–2017 and 1.3% higher than in AY 2015–2016.

As I will explain later, these system-wide numbers contain the vicissitudes of different components of education resulting from RA 10533 (the Enhanced Basic Education Act of 2013) and RA 10931 (Access to Quality Tertiary Education Act).

Due to RA 10533, the higher education departments of FEU schools still do not have the full complement of their pre-K–12 student populations; due to RA 10931, their very first intakes of college freshmen in the K–12 era may have been adversely affected by free tuitions in SUCs and LUCs.

In contrast, the basic education departments of FEU schools have benefited from the addition of Grades 11 and 12 to the basic education cycle. It is, however, more difficult to administer a large basic-education program, which explains the more modest growth of the basic-education student population in the FEU system.

Of the 40,289 students, 68.1% (or 27,426) were enrolled in higher education programs, which indicates that FEU schools are (still) skewed in favor of higher-education offerings.

Graduates

In AY 2018–2019, the FEU Group of Schools graduated 11,999 students. This was 4.4% higher than the number of graduates in the previous academic year (11,493); 61.5% (or 7,377) were conferred higher education degrees, which is consistent with the enrollment I presented earlier.

Licensure Exam Results

The licensure exam results of graduates of FEU schools were generally above the national passing rates and they continue to improve.

FEU Manila	Date	Examinees	Passers	Passing Rate	
				FEU	National
Architecture	June 2018	183	103	56.3	56.0
	Jan 2019	46	25	54.3	56.3
	June 2019	135	100	74.1	66.3
Bar	2018	34	17	50.0	22.2
CPA	Oct 2018	114	87	76.3	25.2
	May 2019	47	24	51.1	16.5
LET-Elementary	Sept 2018	36	25	69.4	20.3
	March 2019	6	4	66.7	27.3
LET-Secondary	Sept 2018	106	80	75.5	48.0
	March 2019	68	56	82.4	26.0
MedTech	Sept 2018	251	241	96.0	77.7
	Mar 2019	209	201	96.2	68.5

	Sept 2019	219	214	97.7	73.5
Nursing	June 2018	5	5	100.0	43.8
	Nov 2018	61	55	90.2	40.0
	June 2019	4	4	100.0	52.2
	Psychometry	Oct 2018	250	136	54.4
FEU Tech		Date	Examinees	Passers	Passing Rate
				FEU	National
Civil Engineering	May 2018	141	98	69.5	36.0
	Nov 2018	71	47	66.2	45.1
	May 2019	168	123	73.2	38.1
Electrical Engineering	Sept 2018	15	14	93.3	66.7
	April 2019	31	29	93.5	62.8
	Aug 2019	20	16	80.0	67.2
Electronics Engineering	Oct 2018	61	24	39.3	49.5
	April 2019	63	39	61.9	48.9
Electronics Technician	Oct 2018	61	54	88.5	81.7
	April 2019	53	47	88.7	88.7
Programs (Subs)		Date	Examinees	Passers	Passing Rate
				FEU	National
CPA (Diliman)	Oct 2018	13	7	53.8	25.2
	Oct 2018	23	5	21.7	25.2
CPA (Cavite)	May 2019	7	0	0.0	16.5
	Sept 2018	3	1	33.3	20.3
LET-Elementary (Cavite)	March 2019	1	0	0.0	27.3
	Sept 2018	1	0	0.0	48.0
LET-Elementary (RCI-Cainta)	Sept 2018	9	6	66.7	20.3
	March 2019	4	4	100.0	27.3
LET-Secondary (RCI-Cainta)	Sept 2018	9	8	88.9	48.0
	March 2019	7	4	57.1	26.0
LET-Secondary (RCI-Marikina)	March 2019	3	1	33.3	27.3
FEU schools also have their share of top-notchers.					
Program		Date	Top-notchers		Place
Architecture	June 2018	Jonighna Cafirma Edralin		10th	
	June 2019	Miko Angelo de Jesus Balverde		5th	
CPA	Oct 2018	Lanz Adrian Martin Cruz		5th	
MedTech	Sept 2018	Ericson Lim Cua		4th	

		Christine Joy De Leon	5th
		Jarina Alery Benguan	6th
		Kenneth Generoso	9th
		Lorenz Deduyo	9th
	Sept 2019	Genfieldou Anne Frias Olarte	10th
Psychometry	Oct 2018	Tristan Stafford Rentoza Ross	8th
		John Michael Adman Tabla	9th
Civil Engineering	May 2018	John Michael Vince R. Martin	9th
Electronics Engineer	April 2019	Juan Miguel H. Villaroel	3rd
		Jomar Borbe Calauos	6th
		Rex Paolo Combalar Gamara	7th
Electronics Technician	Oct 2018	Kyle Francis Pascua de Castro	3rd

Faculty

In AY 2018–2019, the faculty complement in the FEU Group of Schools was 1,347 strong, of which 64.6% (870) were full-time members.

Among the faculty members in the higher education departments of FEU schools, 17.5% (193) had doctoral degrees.

Moreover, this percentage is expected to increase in the coming years as the 40 or so faculty members who were sent to graduate school earn their doctoral diplomas.

HIGHLIGHTS OF THE ACADEMIC YEAR 2018-2019

Now for the more exciting stuff.

For the FEU Group of Schools, Academic Year (AY) 2018–2019 was a season of reorienting bearings (FEU Manila and FEU Cavite); adopting and adapting FEU Manila's aspiration framework as well as assimilating policies, processes, and systems (FEU Tech, FEU Diliman, and FEU Alabang); starting- or restarting-up (FEU Alabang, FEU High School, and Roosevelt College); and birthing (Edustria);

In FEU Manila, we felt that we had achieved, by and large, the goals set out in Aspiration 2020, so that we went up another gear. Specifically, FEU Manila started to focus on shaping the FEU schooling experience.

In FEU Cavite, the college dean Dr. Marcon Espino was promoted to serve concurrently as executive director. Under Dr. Espino, FEU Cavite rationalized its program offerings and took the lead in developing the curriculum maps.

On the other hand, the EACCI operated schools adopted and adapted FEU Manila's aspiration framework. And they standardized their policies, processes, and systems using FEU Tech as the benchmark.

For the other schools, AY 2018–2019 was a year of starting up. FEU Alabang opened its doors to its first batch of students. New leaders were appointed in

FEU High School and FEU Roosevelt because in FEU High School, it was felt that a reboot with a quality focus was needed, while in FEU Roosevelt, a change in culture and new marketing strategies had to be effected.

And Edustria, a joint venture with the Technological Institute of the Philippines, was born. We are now in the process of setting up a senior high school in the Lima Technology Park. What is different about the school is that it will cater to students who would like to get a job after graduating from senior high.

And so, it can be said that AY 2018–2019 was a year marked by a plethora of responses, occasioned by the FEU Group's careful consideration of the challenges confronting Philippine education and the Group's timely midterm review of strategic directions.



Academic Year 2018–2019 was marked by a plethora of system-wide responses occasioned by the Group's careful consideration of the challenges confronting Philippine education and review of strategic directions



CHALLENGES OF THE PHILIPPINE EDUCATION

Gleaned as the challenges were: how to

- (a) help the country maximize its demographic dividend,
- (b) navigate legislative initiatives, specifically Republic Act 10533 (the Enhanced Basic Education Act of 2013) and Republic Act 10931 (the Access to Universal Quality Tertiary Education Act), and
- (c) prepare for the fast-approaching disruptive future.

Demographic Dividend

The demographic dividend hypothesis states that, when a country has a falling dependency ratio and it is able to provide gainful employment to its working-age population, then its household saving rate rises and the savings can be pooled to make strategic investments that sets it on a high economic growth trajectory.

In other words: When there are relatively few dependents and workers are employed, resources are freed up for investments, which spur sustained high economic growth.

Challenges of Philippine Education
Demographic Dividend

Variables of interest:

- Dependency ratio
 - number of young and elderly dependents divided by the working-age population
 - measures how many dependents each working-age person supports, on average, in a social security sense
- Living standard
 - per capita real gross domestic product
 - measures the slice of the economic pie per person

Three economic-dividend success stories are Singapore, South Korea, and Taiwan.

In each case, during the period when the dependency ratio was falling, the living standard rose at an annual rate of more than 6.5% for over 30 years. In the process, each country was able to attain the rich-economy living standard of US\$25,000 per year.

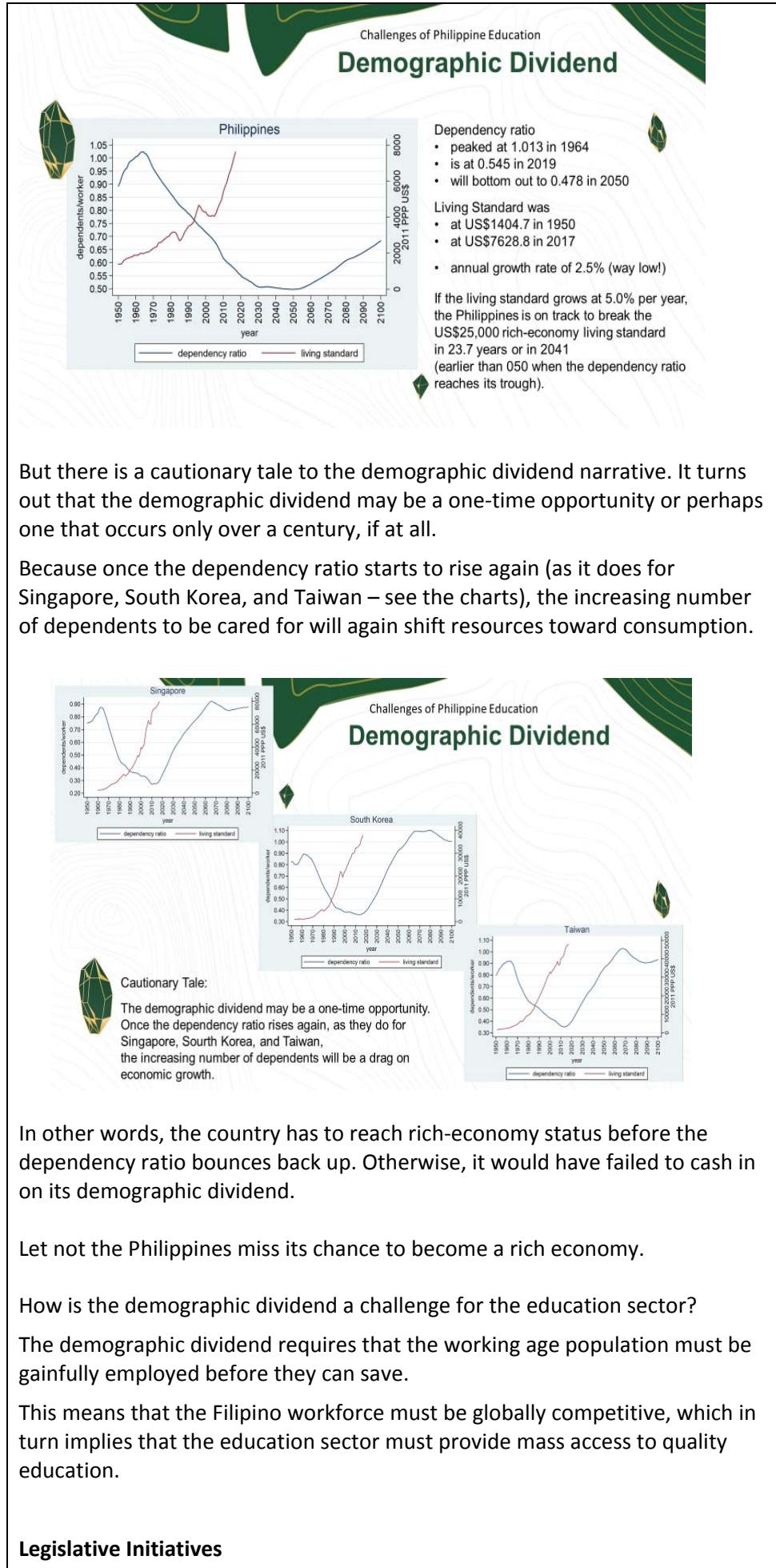
Challenges of Philippine Education
Demographic Dividend

3 success stories – economic miracles

As the dependency ratio fell, the living standard grew by >6.5% per year for >30 years

The country breached the rich-economy living standard of US\$25,000

The chart shows that the Philippines' dependency ratio peaked at 1.013 in 1964, is at 0.545 in 2019, and will bottom out at 0.478 in 2050. It also indicates that the living standard was at US\$1404.7 in 1950 and US\$7628.8 in 2017, which implies that between 1950 and 2017 the living standard grew at an average annual rate of 2.5% (which is on the low side). But if henceforth the living standard were to grow at 5.0% per year, the Philippines will be on track to break the US\$25,000 rich-economy living standard in 23.7 years or in 2041 (i.e., earlier than 2050 when the dependency ratio is projected to reach its trough). This is certainly within the realm of what's doable, given the experiences of Singapore, South Korea, and Taiwan.



Navigating legislative initiatives is the second challenge.

In particular, two acts of Congress are exerting profound, lasting effects on the private higher education sector: RA 10533 and RA 10931.

RA 10533 is the Enhanced Basic Education Act of 2013, which added kindergarten and senior high school (Grades 11 and 12) to the basic education curriculum.

Some of its disruptive consequences include the following:

- There was a mushrooming of senior high schools, a positive, if disruptive development.
- Starting School Year (SY) 2016–2017, Grade 10 completers were diverted to senior high school, interrupting student flows to college. In effect, it introduced a five-year transition period during which one or two year-levels of college would not have students and only in SY 2021–2022 would all college year-levels be fully populated again.
- As a result of the decline in their college populations, many colleges and universities retrenched personnel.
- On the bright side, some colleges and universities took advantage of the hiatus to send faculty members to graduate school, funded by CHED scholarship grants.

New curriculums for general education and major-subject courses were required to be designed by the CHED so that higher-education academic programs would be aligned with the senior high school programs.

RA 10931, otherwise known as the Universal Access to Quality Tertiary Education Act, has four features: it provides for

- (a) free college education in SUCs and LUCs,
- (b) free tech-voc education and training in post-secondary tech-voc institutions of TESDA,
- (c) a tertiary education subsidy (TES) to indigent students, and
- (d) a student-loan program.

Of the four features, free tuition in SUCs and LUCs has had the biggest impact thus far. It is segmenting the market for college education, with students who are concerned about affordability opting to attend SUCs and LUCs while others who are willing to pay for their schooling having heightened concerns about the value propositions offered by private HEIs.

Disruptive Future

The third challenge is the disruptive future.

In his book *21 Lessons for the 21st Century*, the historian Yuval Noah Harari warns that information technology and biotechnology – specifically, artificial intelligence (AI), robotics, and bioengineering – are on convergent development paths, and their merger will radically change both the world of work and life.

As a consequence, many traditional jobs will disappear, and those that remain or replace them will demand high levels of expertise. Moreover, the new jobs will likely require human-AI interaction, the nature of which will be constantly changing as automation takes over more and more of what workers do.

Harari is also concerned that, as biotechnology and AI algorithms improve,

their applications involving big data may pose a danger to democracies and individual liberties as well as to political and economic equality – with power becoming concentrated on the owners of these algorithms and data troves.

From people's data trails, AI will increasingly be able to hack and know them better; without people being aware of it, AI algorithms may exploit their preferences and predilections such that the choices they make (or votes they cast) in fact advance the hidden agendas of firms and organizations that control AI and big data.

How do schools prepare its students who would have to live in a world where uncertainty is the norm, where workers may have to change professions every ten years, where humans have to deal with super-intelligent machines, engineered bodies, and with AI algorithms that manipulate their emotions and choices?

OUR RESPONSE TO THE CHALLENGES

Recast, the challenges are about enhancing access to quality education, exploiting opportunities to expand the delivery of education services and improve capabilities, finetuning the value proposition of an FEU education, and “future-proofing” the FEU school experience.

To which our responses are as follows:

1. Expand access to education by offering different price points, and provide senior high school programs

The FEU Group of Schools improved access to education by offering programs at different price points, and by establishing senior high school programs in FEU High School, FEU Alabang, FEU Cavite, and FEU Diliman and incorporating Edustria as a joint venture with the Technological Institute of the Philippines. FEU Alabang also admitted its first batch of students in college, offering the same set of academic programs as FEU Tech.

And after a year of talks with TIP, Edustria was incorporated on August 7, 2019.

2. Honed its student-centered orientation

FEU also further honed its student-centered orientation by focusing on the FEU schooling experience based on two important insights:
(i) quality education is education that “capacitates” the learner to achieve the life that he or she aspires for and
(ii) education is an experience good.

That quality education is a capacitating process for the aspired life draws on the Nobel Laureate Amartya Sen's Capability Approach to Welfare Economics. Its implication is that a school's product – the service provided to each student – must be a credible transformative process that takes the learner from who she is at entry in the school system and building her up to who she will be at exit or graduation, i.e., her capacitated self.

That education is an experience good suggests that it is a service whose quality depends on the user experience; the more immersed and engaged the student is in the schooling experience, the greater the likelihood that it will be a transformative and “capacitating” journey.

3. Improved the academic credentials and training of the faculty, particularly in FEU Manila and FEU Tech

In addition, FEU improved the academic credentials and training of the faculty. In particular, FEU Manila and FEU Tech took advantage of the five-year hiatus in college enrollments brought about by the addition of Grades 11 and 12 to the basic education program and sent about 40 faculty members to graduate school.

FEU Manila also provided extensive training in digital literacy, effective communication, and critical thinking to its faculty, especially but not limited to the teachers of general education subjects.

4. Sharpened the value proposition of an FEU education

Recognizing that RA 10931's provision of free college education in state universities and colleges (SUCs) and local-government universities and colleges (LUCs) would likely decrease the demand for private higher education, FEU schools polished their articulation strategies and messages to emphasize the value of quality education and the competitive edge of having an FEU education.

5. Reconsidered the fostering of (soft and life) skills in the light of how they would enable FEU graduates to thrive in a world of disruptive technology

FEU schools were also urged to reconsider the fostering of (soft and life) skills in the light of how they would enable FEU graduates to thrive in a world of disruptive technology.

The soft skills that are deemed particularly important for an individual to succeed in the technology-disrupted world of the 21st century include critical thinking (specifically, the ability to make sense of the flood of information, distinguish fact from fiction, synthesize disparate bits of data to form a comprehensive and meaningful view of the world, and think deeply), communication (the skill to clearly express in oral and written forms ideas that are absorbed from critical thinking), collaboration (the adeptness to work as an integral part of a team), and creativity (the knack of being resourceful and the ability to generate original, imaginative, and inspired ideas).

Needed as well are the life skills to navigate a world where uncertainty is the norm, such as adaptability (to constantly changing circumstances), resilience (i.e., remaining emotionally stable in the face of adversities), the entrepreneurial spirit to take the initiative, and moral sensitivity and the capacity for self-reflection (so as not to be easily swayed by artificial intelligence algorithms).

FEU SCHOOL EXPERIENCE

In addition to these mostly system-wide responses, the office of the president focused on three interrelated initiatives, which are deemed to be critical support infrastructures backstopping the FEU school experience:

1. FEU on Canvas,

2. the development and use of curriculum maps, and
3. the adoption and deployment of data science and analytics tools.

FEU ON CANVAS

Canvas is the learning management system used in many of the top universities in the world, such as Harvard, Stanford, and Yale.

The FEU Group of Schools signed on to Canvas in AY 2016–2017 and rolled out its extensive use as the Group’s learning platform in AY 2017–2018.

The objectives of FEU on Canvas are to:

- (a) organize content and delivery in an integrated and technology-enhanced platform that is easy and fun for both students and teachers to use and
- (b) extend the administrator-teacher-student interfaces such that learning outcomes improve significantly and the student school experience is considerably enhanced.

AY 2018–2019 saw two important developments in Canvas. First, the administration of Canvas was standardized and organized across all schools. In each school, a campus administrator was appointed to manage the academic-support and technical-support activities and to communicate directly with the Canvas Project Manager in the office of the president regarding the school’s initiatives and concerns; the academic support group would help faculty and students in managing courses and course content; while the technical support group would take care of user accounts and be responsible for troubleshooting technical problems.

Second, administrators’ dashboards on the Canvas usage of teachers started to be developed. The dashboards allow Canvas administrators to easily monitor whether courses are “published” on Canvas (which is a first school day requirement) and have content (i.e., are not just shells), and they track what activities are being done in the courses and what features of Canvas are used.

The next steps being planned are the development of administrators’ dashboards on the Canvas usage of students and the finalization of Canvas policies and key performance indicators.

CURRICULUM MAPS

The objective of a curriculum map is to produce the ideal graduate, specified in terms of the complete and exhaustive list of her competencies, values, and behavioral traits.

Constructed by backward design, i.e., starting with the graduate attributes, the curriculum map must be able to show where each and every intended outcome is developed and fostered in a student’s learning trajectory.

The curriculum maps in FEU-system schools will consist of four types.

The essential map, which is common to all schools, is the DepEd or CHED curriculum plus a few hallmarks of FEU (such as the values of fortitude, excellence, and uprightness and an acquaintance with culture and the arts).

The consensus map is the essential map plus aspects that stakeholders in a school consider important in their context.

Teachers work with the last two maps: The projected map is a schedule of when connected sets of topics bunched in learning units are intended to be

covered in the school calendar; the diary map is the teacher's reflections on how successfully (or not) his learning-unit plans worked with the class as a whole and with particular students.

At the end of each school year, using the reflections in their diary maps, the teachers hold a workshop to do a postmortem on the curriculum map as implemented and to improve on it for the next school year.

Teachers across subjects in a grade- or year-level evaluate whether the desired outcomes were attained and identify which strategies worked (or didn't) with the batch and where there could have been better integration of the curriculum.

Teachers of a common subject across grade- or year-levels (i.e., "prerequisite-related" subjects) exchange notes on how to better prepare students for the spiraling curriculum so that students in a lower grade- or year-level are primed for the challenges of the next level.

For the rest of the summer, the teachers then work to tweak their projected maps, revise their learning-unit plans, and prepare all the materials they will use in the next school year.

Having a curriculum map provides at least two benefits:

First, it sets out an explicit road map of the student's learning journey, which tends to be taken for granted.

Second, it inculcates a culture of continuous improvement in the school.

Achievements for AY 2018-2019

As of AY 2018–2019, various components of the curriculum maps have been developed and are in use.

The basic education departments of FEU Cavite and FEU Diliman are implementing fully developed learning-unit plans in English, science, and mathematics in all grade levels.

FEU Cavite has also worked on developing its consensus map for the entire basic education curriculum.

In FEU Manila, the accountancy department is slowly building up the curriculum map of the BS Accountancy program, starting with the maps for the basic accountancy subjects. The outputs are then shared with FEU Cavite and FEU Diliman, ensuring that the accountancy program would have a uniform standard throughout the FEU Group of Schools.

In the meantime, FEU Tech has developed a web-based curriculum-map app. Its essential map component is being populated with the DepEd basic education curriculum for all schools to share.

DATA SCIENCE AND ANALYTICS

It is increasingly claimed that in today's world the most important currency is data.

Information technology has facilitated the proliferation, storage, and mining and analysis of data, all of which are being harnessed to improve the user experience of a service.

Leveraging on this development, the FEU Group of Schools is beginning to make intensive and extensive use of data on various aspects of the student life cycle (from student admissions to alumni relations).

But the project that has made the most headway in this initiative is the CEM dashboards for teachers, which are intended to provide (third-party) feedback to teachers on their students' learning outcomes.

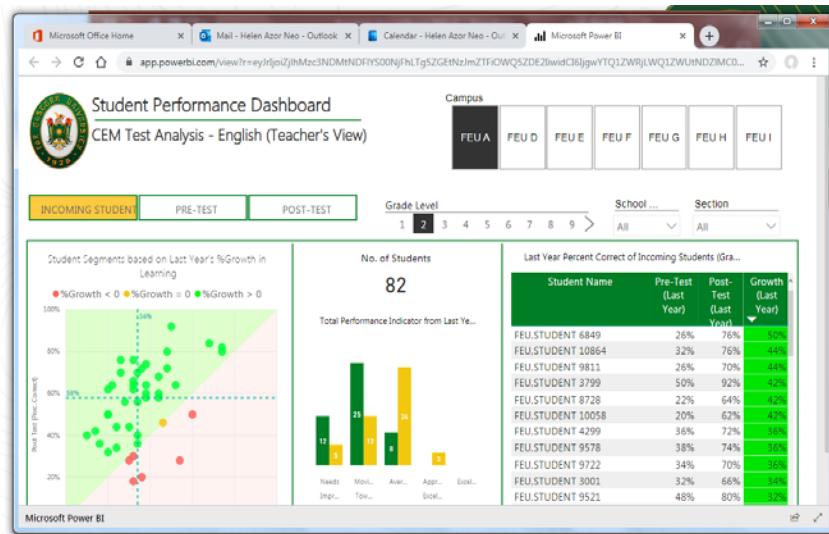
CEM stands for the Center for Educational Measurement. A service it provides is the assessment of learning outcomes through standardized achievement tests, the table of specifications of which is aligned with the learning competencies in the DepEd curriculum.

In the FEU Group of Schools, all students from grades 1 to 10 take the CEM achievement tests in English, science, and mathematics twice – a pre-test at the start of the school year and a post-test at the end.

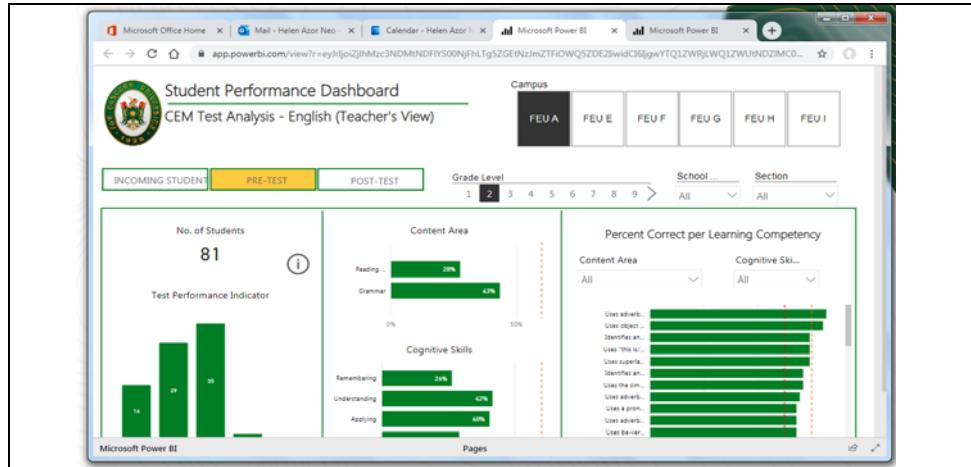
As soon as the test scores are made available by CEM (roughly a month after these tests are taken), these test scores are quickly processed by FEU's information-technology services (ITS) unit using an automated set of programs developed for FEU by Z-Lift Solutions, a data science firm.

Each teacher of an English, science, or mathematics subject is provided with a Microsoft Power BI (business intelligence) dashboard of the test results of his students.

At the start of the school year, the teacher sees how his students performed in the subject (i.e., English, science, or mathematics) in the previous grade levels, for the section as a whole and for each student. He is thus able to identify which learning competencies of the previous grade levels his class has or hasn't attained and who among his students are fast or slow learners. The teacher then has to formulate plans on what to do with the information: Does he tweak his projected map to return to topics or competencies that were poorly learned? Does he recommend tutorials for the slow learners to bring them up to speed

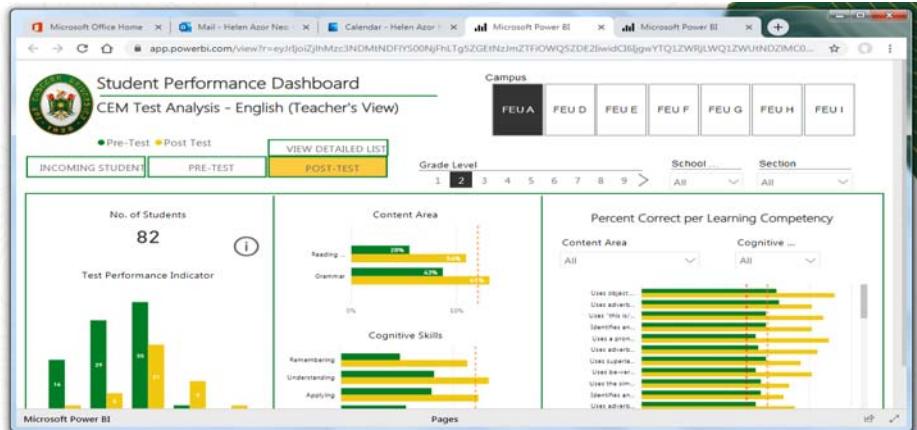


After the pre-test scores are processed, the teacher sees in his dashboard how prepared his class is for the learning competencies that are intended to be developed in the current grade level, again for the class as a whole and for individual students. He is tasked a second time to develop plans: In particular, he has to tweak his projected map to allocate less time on topics his students already know and more time on those that they don't. He also has to propose plans on what to do with individual students based on two principles: each student should be neither left behind nor held back in their development.



Finally, after the post-test scores are processed, the teacher receives feedback on his dashboard how effective his interventions were (relative to the pre-test results). He discusses the information with his subject coordinator and principal as an integral part of his professional development and of the culture of continuous improvement of the school. He is also expected to bring his insights to the teachers' summer workshops on the curriculum maps.

These dashboards and intervention templates were developed and beta-tested during the school year. The plan is to develop them further and extract the teachers' intervention data to develop a machine-learning model that would cull best-practice outcomes: what interventions work best for which competency and student-teacher combination?



And so, to conclude:

Appropriating and loosely quoting the very first words in Charles Dickens's *A Tale of Two Cities*, AY 2018–2019 for the FEU Group of Schools could be said to be the best of times and the worst of times, ... , the season of Light and Darkness, ... the spring of hope and the winter of despair – in short, an academic year much like any other.

Except that we in FEU see that the positive developments in our school system outnumber the problems we face, and we are more hopeful than ever about the prospects of the FEU Group of Schools.

Far Eastern Onward!

While the President was delivering his Academic Report for Academic Year 2018-2019, the Chairman of the Board of Trustees, Mr. Aurelio R.

Montinola III, arrived and was asked to take his place in presiding over the meeting.

The Chairman thanked Dr. Alba for his most exhaustive report, and asked if there is a motion to note the President's Academic Report.

On motion made by Architect Charlie P. Bello and duly seconded, the Stockholders unanimously adopted and approved the following resolution:

Stockholders' Resolution No. 02-2019

“RESOLVED, That the Academic Report on Far Eastern University, Inc. of the President, Dr. Michael M. Alba, for the academic year 2018-2019 be, as it is hereby, noted.”

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 2019, 2018 and 2017.

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

Good afternoon, Fellow Shareholders

We have survived the most difficult part of the K-12 Educational Reform program and have started the road to recovery.

Our enrolment is back to the 40,000 level, primarily aided by the expansion of Senior High School and the opening of FEU Alabang.

Moving Forward with K12 Transition

Tertiary student population for Academic Year 2018-19 with new Freshmen, Graduating Seniors but minimal Sophomores and Juniors

But with the expansion to FEU Senior High School, FEU Alabang and FEU Roosevelt, student population for Academic Year 2019 – 2020 is now at 40,000

1

Academic Year 2018 – 19, 3rd year of a 5 year K-12

FEU Annual Stockholders' Meeting Oct 2011

We are rationalising our Tertiary offerings into three general influence areas - Far Eastern University, FEU Tech, and FEU Roosevelt - at different price points.

We also have academic schedule alternatives - semestral and trimestral - for wider student choice.

Today, we are now six legal vehicles and 10 campuses in the Greater Metro Manila area and will increasingly refer to ourselves as the FEU Group of Schools.

One Year to Aspiration 2020

Continue Strategic Refinements – FEU GROUP OF SCHOOLS

Rationalized Tertiary, 3 General Influence Areas

- FEU Tech – Technology & Engineering Courses
- FEU University – mainstay with 30 programs
- FEU Roosevelt – entry level Tertiary in Marikina and Cainta
- FEU Cavite – ladderized two-year Associate College Degree

2 Academic Alternatives

- Semestral
- Tertiary

FEU Annual Stockholders' Meeting Oct 2019

We will also continue to expand by adding 139 classrooms in 4 buildings across different campuses, and in renovating existing offices where appropriate.

Expansion

139 Classrooms, laboratories and support rooms

- Eight Story Lerma Building for FEU Manila
- Six story Marikina Building for FEU Roosevelt
- Four Story Diliman Building for FEU Tech
- Floor Extension for FEU Cavite

Renovations

- Renew University Health Clinic at FEU Manila
- Admissions, Registrar, Placement and Alumni Affairs for FEU Manila
- Innovation Center for FEU Tech

FEU Annual Stockholders' Meeting Oct 2019

Our Financials have significantly improved.
FY 2019 Revenues are now at ₱ 3.4 billion, or 26% higher than FY 2018.

Operating Costs and Expenses increased to ₱ 2.7 billion, or 23% higher than last year

FINANCIALS

Financials for Academic Year 2018 - 2019

- Revenues now at Php 3,359 Million, 26 % increase
- Operating Cost and Expenses now at Php 2,694 Million, 23 % increase
- Net Income now at Php 808.5 Million, 48 % increase

FEU Annual Stockholders' Meeting Oct 2019

Net Income, partially due to a one time non educational asset sale, rose to ₱809 million, or 48% higher than FY 2018.

Return on Equity increased to 8%, but this is still considerably below our

15% ROE in 2015.

	2019	2018	%
Revenues	3,359,034,704	2,662,209,610	26%
Costs & Operating Expenses	(2,693,558,458)	(2,182,296,116)	23%
Other Operating Income	2,720,649	3,998,242	-32%
OPERATING INCOME	668,196,895	483,911,736	38%
Finance Income	152,094,620	193,493,393	-21%
Finance Costs	(98,276,377)	(95,374,284)	3%
Other Income	212,567,714	58,204,886	265%
Other Charges		(94,876)	-100%
PROFIT BEFORE TAX	934,582,852	640,140,855	46%
Tax Expense	(126,111,125)	(92,509,844)	36%
NET PROFIT	808,471,727	547,631,011	48%

FEU Annual Stockholders' Meeting Oct 2019

Consolidated
Profit or Loss
for the Year
Ended
31 May 2019
and 2018

On the Academic side, FEU continues to significantly exceed the National Average in the last Government Board Examinations.

We also had 16 Placers among the Top Students in each category.

HIGHLIGHTS

FEU Significantly Exceeds National Averages in the Last Government Board Examinations

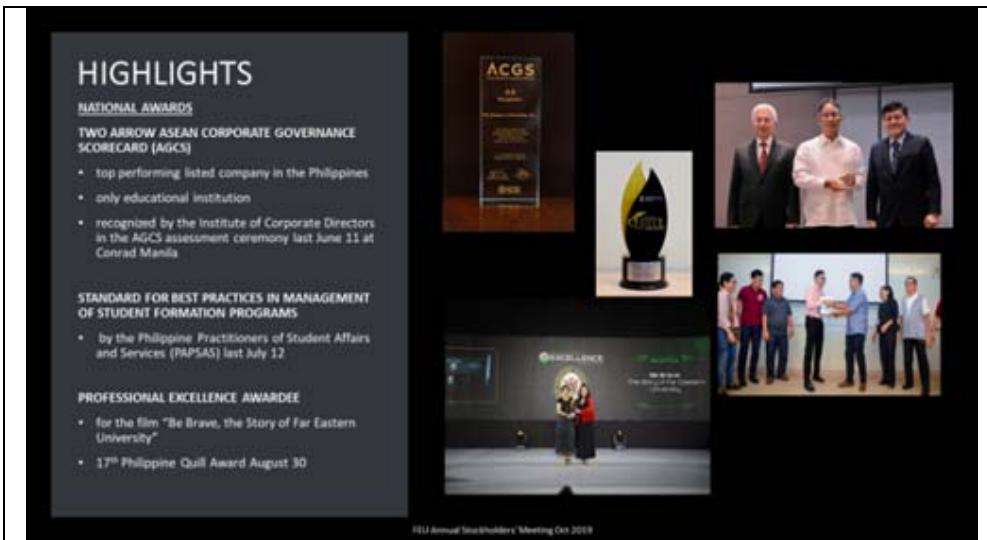
16 placers in the 2018-19 examinations

FEU Annual Stockholders' Meeting Oct 2019

On the Governance side, FEU won a Two Arrow Asean Corporate Governance award from the Institute of Corporate Directors; more significantly, we were the only educational institution among the top performing listed companies, and within the Top Five in the Service sector.

On the Communications side, FEU was a Professional Excellence Awardee for the film "Be Brave, the story of Far Eastern University" at the 17th Quill Awards.

On the Student Experience side, we won a Best Practices in the management of Student Formation Programs from the Philippine Practitioners Of Student Affairs and Services

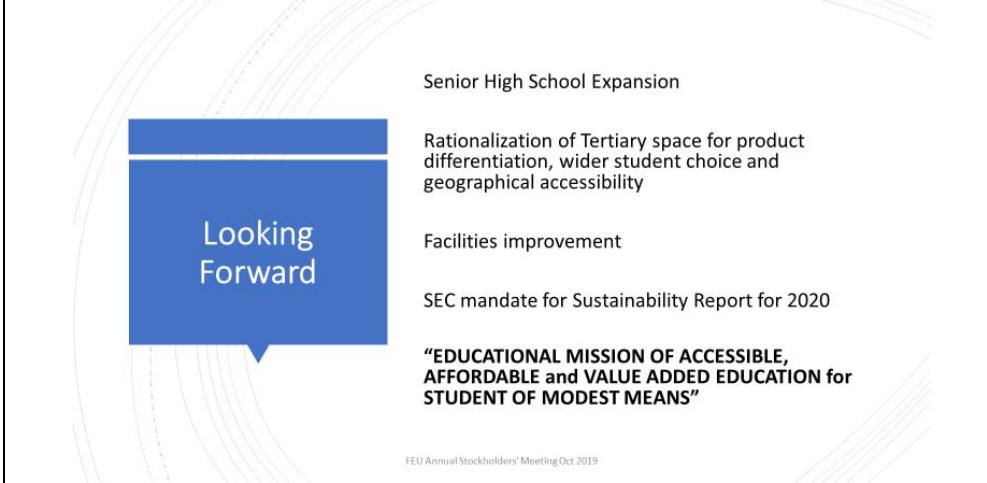


Finally, FEU Community Service, Cultural Program, and Marketing continue to assist in propagating a “Future Ready Learning” theme, and in publishing 4 books - “Silanganan: the FEU Art Collection, FEU Feast, Mindanao Harvest, and Walk Manila”.



Looking forward, we will expand our presence and impact in the Senior High School space and continue our rationalisation of our Tertiary offerings.

We will continue our Facilities Improvement Cycle and focus on complying with the new SEC circular on Sustainability reporting starting 2020.



Our thanks as always to all our supportive Board of Trustees, management, students, faculty, parents, regulators, and the educational community around

us.

We are also pleased to report that your Board will be recommending a Stock Dividend for Shareholders Approval later in this meeting.

As always, we need all our stakeholders to “Be Brave” in these challenging times.

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

Since there was no question or comment, 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 Ms. Elena F. Gemzon and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders’ Resolution No. 03-2019

“RESOLVED, That the Annual Report covering the operations of Far Eastern University, Inc. (FEU) for the fiscal year 2018-2019 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 2019, 2018 and 2017 be, as it is hereby, approved.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,808,677	0	66,989
Percent of Shares Voted	83.81%	0%	0.41%

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. Marco P. Gutang and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders’ Resolution No. 04-2019

“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 20 October 2018 until today, 19 October 2019, be, as it is hereby, approved, ratified and confirmed.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,808,677	0	66,989
Percent of Shares Voted	83.81%	0%	0.41%

VII. INCREASE IN CAPITAL STOCK, DECLARATION OF STOCK DIVIDEND AND AMENDMENT OF ARTICLES OF INCORPORATION

The next order of business was the approval of the increase in authorized capital stock, the stock dividend declared by the Board of Trustees, and the amendment of Article Seventh of the Amended Articles of Incorporation.

Upon the request of the Chairman, the Chief Finance Officer, Mr. Juan Miguel R. Montinola, recalled that Far Eastern University Inc. (FEU) publicly listed in 1986 with an authorized capital stock of ₱20,000,000.00 (₱20 Million) compared to FEU's present authorized capital stock of ₱2,000,000,000 (₱2 Billion). He noted that in a span of 3 decades, the increase was 100 times, reflecting the progress and growth of the university. He emphasized that Management would like to continue to explore growth opportunities.

The CFO then endorsed to the Stockholders, for their approval, the increase of Far Eastern University's authorized capital stock, from ₱2,000,000,000.00 to ₱5,000,000,000.00.

Mr. Juan Miguel R. Montinola, continued to discuss the declaration of Stock Dividend. From recollection, the CFO reported that Stock Dividends were declared approximately every 3 years since 1993 on top of cash dividends. The last stock dividend was however declared 5 years ago. In fact the absence of such stock dividends was the subject of queries in past Annual Stockholders' Meetings.

The CFO was pleased to present to the Stockholders, for their approval, the declaration of a 46% Stock Dividend.

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

Stockholders' Resolution No. 05-2019

“RESOLVED, AS IT IS HEREBY RESOLVED, that the stockholders of Far Eastern University, Inc. (the ‘Corporation’) approve and ratify, as they hereby approve and ratify, the declaration of a stock dividend of forty six percent (46%) on the outstanding capital stock of the Corporation, or a total stock dividend of up to Seven Million Five Hundred Seventy Nine Thousand Four Hundred Fourteen (7,579,414) shares of common stock, eliminating any fractional shares, payable out of the unrestricted retained earnings of the Corporation as of 31 May 2019, which stock dividends shall be sourced from the increase in authorized capital stock of the Corporation, and payable to stockholders of record as of a record date to be fixed and approved by the Securities and Exchange Commission (the ‘Commission’)

after all clearances and approvals by the Commission shall have been secured, on such payment date as shall be fixed by the Board of Trustees of the Corporation together with or after the fixing and approval of the record date.

RESOLVED, FURTHER, that, subject to the approval of the Commission, the stockholders of the Corporation approve and ratify, as they hereby approve and ratify, an increase in the authorized capital stock of the Corporation from Two Billion Pesos (₱2,000,000,000.00) divided into Twenty Million (20,000,000) shares of common stock, with a par value of One Hundred Pesos (₱100.00) per share, to Five Billion Pesos (₱5,000,000,000.00) divided into Fifty Million (50,000,000) shares of common stock, with a par value of One Hundred Pesos (₱100.00) per share.

RESOLVED, FURTHER, that, to reflect said increase in the authorized capital stock of the Corporation, the stockholders of the Corporation approve and ratify, as they hereby approve and ratify, an amendment to Article SEVENTH of the Articles of Incorporation of the Corporation such that the same shall read as follows:

‘SEVENTH: - That the authorized capital stock of the corporation is FIVE BILLION PESOS (₱5,000,000,000.00), Philippine Currency, divided into Fifty Million (50,000,000) shares, with a par value of One Hundred Pesos (₱100.00) per share.’

RESOLVED, FINALLY, that any one (1) of the following officers of the Corporation be authorized to sign any and all documents and resolutions in order to effect the foregoing resolutions:

Name	Position
Dr. Michael M. Alba	President
Mr. Juan Miguel R. Montinola	Chief Finance Officer
Atty. Gianna R. Montinola	Senior Vice President, Corporate Affairs
Ms. Rosanna E. Salcedo	Treasurer

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,874,762	0	904
Percent of Shares Voted	84.21%	0.00 %	0.01%

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

The next matter in the Agenda was the election of the members of the Board of Trustees, including Independent Trustees, for the ensuing year.

At the request of the Chairman, the Chairman of the Nomination Committee, Dr. Edilberto C. De Jesus, reported that in accordance with the Amended By-Laws and applicable rules and regulations, the following Stockholders were duly nominated for election as members of the Board of Trustees for the term 2019-2020 or 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	Mr. Jose T. Sio
⑨	Dr. Paulino Y. Tan

Of the above-named nominees, three (3) were nominated as Independent Trustees, namely: ① Dr. Edilberto C. De Jesus, ② Ms. Sherisa P. Nuesa, and ③ Mr. Jose T. Sio.

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 of the nine (9) 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. Maria Carmencita A. Sayo and duly seconded, the Stockholders adopted and approved the following resolution:

Stockholders' Resolution No. 06-2019

“RESOLVED, That there being only nine (9) nominees, all votes be cast, as they are hereby cast, equally, and that the nine (9) nominees named below be henceforth declared as the elected members of the Board of Trustees of Far Eastern University, Inc. for the ensuing term 2019-2020 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	Mr. Jose T. Sio	Independent Trustee
⑨	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	13,874,762	84.21%	0	0.00%	904	0.01%
②	Mr. Aurelio R. Montinola III	13,874,762	84.21%	0	0.00%	904	0.01%
③	Dr. Michael M. Alba	13,874,762	84.21%	0	0.00%	904	0.01%
④	Dr. Edilberto C. De Jesus	13,874,762	84.21%	0	0.00%	904	0.01%
⑤	Ms. Angelina P. Jose	13,874,762	84.21%	0	0.00%	904	0.01%
⑥	Mr. Antonio R. Montinola	13,874,762	84.21%	0	0.00%	904	0.01%
⑦	Ms. Sherisa P. Nuesa	13,874,762	84.21%	0	0.00%	904	0.01%
⑧	Mr. Jose T. Sio	13,874,762	84.21%	0	0.00%	904	0.01%
⑨	Dr. Paulino Y. Tan	13,874,762	84.21%	0	0.00%	904	0.01%

IX. APPOINTMENT OF EXTERNAL AUDITOR

The next item in the Agenda was the appointment of External Auditor for the fiscal year 2019-2020.

The Chairman requested the Chairman of the Audit Committee, Ms. Sherisa P. Nuesa, to explain the appointment of the External Auditor.

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 2019-2020. 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. 07-2019

“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 2019-2020, and that the External Auditor's fees shall be negotiated by Management.”

Voting Results	Voted in Favor	Voted Against	Abstained
Number of Shares Voted	13,871,440	3,322	904

Percent of Shares Voted	84.19%	0.02%	0.01%
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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. Stephen Soliven noted the cash and cash equivalents in the Consolidated Statements of Financial Position of Far Eastern University, Inc. and Subsidiaries which was at ₱1,520,000,000. However, he expressed concern over the separate Far Eastern University, Inc. Statements of Financial Position which showed dwindling cash and cash equivalents for the periods of 2017 at ₱319 Million, 2018 at ₱237 Million, and 2019 at ₱176 Million. Mr. Soliven also noted the increasing receivables and asked if this is an indication of laxity in the collection process?

In response, the CFO explained that the students of the parent company are all in the tertiary level and schools offering Tertiary education are the most affected by the K-12 program. He further clarified that the effect of K-12 is over a 5-year period with normal student population only achieved on the 6th year. AY 2018-2019 which are the operations presented to Stockholders is only the third year of the K-12 implementation.

The CFO added that this scenario prompted FEU to embark on the start-up of the Senior High School and FEU Alabang, the acquisition of Roosevelt College, Inc., and the expansion of other entities. These business actions are mitigating the effects of K-12.

On the query about the collection process, the CFO assured Mr. Soliven and the Stockholders that FEU has very good collection practices, classified as industry best right with a write off rate below 2%.

He projected that the condition of the parent company will be corrected as the incoming population of Freshmen increase.

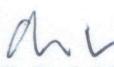
The Chairman, on behalf of the Board of Trustees and Management, extended his thanks to all the Stockholders for their continuing support and confidence in Far Eastern University.

XI. ADJOURNMENT

There being no further business to transact, the Annual Stockholders' Meeting was - on motion made by Ms. Helen A. Neo and duly seconded - adjourned at 4:20 p.m.


SANTIAGO L. GARCIA JR.
Corporate Secretary

Attested by:


AURELIO R. MONTINOLA III
Chairman of the Board