Agreement on the Merger Ratio

Presentation Material

February 22, 2005
Ryosuke Tamakoshi, President & CEO
UFJ Holdings, Inc.
Disclaimer

This document contains forward looking statements in regard to forecasts, targets and plans of Mitsubishi Tokyo Financial Group, Inc. (“MTFG”), UFJ Holdings, Inc. (“UFJ”) and their respective group companies (collectively, the “new group”). These forward looking statements are based on information currently available to the new group and are stated here on the basis of the outlook at the time that this document was produced. In addition, in producing these statements certain assumptions have been utilized. These statements and assumptions are subjective and may prove to be incorrect and may not be realized in the future. Underlying such circumstances are a large number of risks and uncertainties. Please see the latest disclosure and other public filings made by MTFG, UFJ and the other companies comprising the new group, including Japanese securities reports, annual reports, shareholder convocation notices, and MTFG’s registration statement on Form F-4, when filed, for additional information regarding such risks and uncertainties.

In addition, information on companies and other entities outside the new group that is recorded in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the new group and cannot be guaranteed.

The financial information used in this document was prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP.
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Transaction Summary
Transaction Summary

- **Name:** Mitsubishi UFJ Financial Group, Inc.

- **Merger Structure:** Merger between UFJ Holdings, Inc. (“UFJHD”) and Mitsubishi Tokyo Financial Group, Inc. (“MTFG” : Surviving Entity)

- **Timing:** Expected closing on October 1, 2005

- **Merger Ratio:** 0.62 MTFG common shares for each UFJHD share *(Implied value based on MTFG share price one day prior to the agreement of the merger ratio : JPY 603,260)*

- **Listing:** Tokyo / Osaka / Nagoya / New York / London

- **Management:**
  - Chairman: Ryosuke Tamakoshi (UFJHD)
  - Deputy Chairman: Haruya Uehara (MTFG)
  - President: Nobuo Kuroyanagi (MTFG)

*1 New group’s symbol and logotype, after integration

*2 The Board of Directors of UFJHD has received fairness opinions as of February 18, 2005, that the agreed merger ratio with MTFG is fair from a financial point of view to the holders of the common shares of UFJHD, from Merrill Lynch Japan Securities Co., Ltd. and J.P. Morgan Securities Asia Pte. Limited respectively.

Full texts of the above opinions rendered by Merrill Lynch and JPMorgan will be included in the Form F-4 to be filed with the United States Securities and Exchange Commission (the “SEC”) by MTFG in connection with the merger (the “Form F-4”). The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. The holders of UFJ’s common shares are urged to read the Form F-4 (and any other relevant documents filed with the SEC) when each of them becomes available, as well as any amendments or supplements to those documents. The Form F-4 will contain important information regarding the merger. The above opinions rendered by Merrill Lynch and JPMorgan are addressed to the board of directors of UFJ, are directed only to the fairness, from a financial point of view, of the agreed-upon exchange ratio to the holders of UFJ’s common shares, and do not constitute a recommendation to any shareholder of UFJ as to how such shareholder should vote with respect to the merger or any other matter.
Agreement on the Merger Ratio
Our Commitment and Achievement

<table>
<thead>
<tr>
<th>UFJHD Management committed to “Maximize UFJHD Shareholders Value” at the time of announcement of the planned merger</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Achieve an appropriate market valuation through B/S restructuring, including addressing large troubled borrowers, and achieve an appropriate merger ratio for UFJHD shareholders</td>
</tr>
</tbody>
</table>

Implementation of Strategy to Achieve an Appropriate Market Valuation

| ■ Execution of Radical Problem Loan Disposal Initiative |
| ■ Accelerated problem loan disposal following the capital injection from MTFG in Sep. 04 |
| ■ Reduced problem loan balance to JPY 2.94 trillion as of Dec. 31, 2004 |
| ■ Problem loan ratio below 4% by the end of Mar. 05 is achievable |
| ■ Management foresees credit related expenses for FY04 to stay within the previously announced figures |
| ■ Continuous implementation of measures to enhance profitability |
| ■ Revenue target (business profit) in FY04 is achievable |

Achievement of an Appropriate Merger Ratio for UFJHD Shareholders

| ■ As the market valuation improved following the appreciation of UFJHD share price since Oct. 04, UFJHD has achieved the merger ratio based on the comparable market valuation to its competitors |
Following the achievement of an appropriate market valuation (i.e. PER) reflecting its robust profitability, UFJHD achieved the merger ratio including appropriate premium to UFJHD share price.

**Rationale of the Merger Ratio**

### Relative Share Price since Jul. 04

(UFJHD share price / MTFG share price)

- **Merger Ratio**: 1 : 0.62
- **Implied Share Price** *1: JPY 603,260
- **Implied Share Price to (Fully-diluted basis):**
  - Mar. 06(E) EPS 16.2x (Based on IBES median)
  - Mar. 07(E) EPS 11.8x (Based on IBES median)
  - Dec. 04(A) BPS 3.5x (Based on actual figures)
- **Premium to UFJHD share price as of:** *2
  - Jul. 13, 04 26.0%
  - Aug. 11, 04 29.9%
  - Sep. 9, 04 16.0%
  - Feb. 17, 05 6.0%

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*1 Closing Price as of one day prior to the agreement of the merger ratio (February 17, 2005)

*2 Compared MTFG share price * 0.62 with UFJHD share price as of one day prior to proposal of the merger, one day prior to the basic agreement of the merger, one day prior to agreement of the capital enhancement, and one day prior to the agreement of the merger ratio.
## Expected Synergies of the Combined Entity

After basic agreement of the planned merger, UFJHD and MTFG discussed in the Integration Committee for 6 months and produced more detailed and reliable synergy projections than those in US or European bank mergers.

- Considered revenue enhancement by performing detailed analysis, including “market share” adjustment.
- Assumed two-step information system integration
  - Cost reduction will be phased-in after the completion of 2nd stage system integration in FY08.

### (JPY Bn)

<table>
<thead>
<tr>
<th></th>
<th>FY 04 Forecast *1</th>
<th>FY 08 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business profit (Consolidated) *2</td>
<td>Approx. 1,600</td>
<td>Approx. 2,500</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Synergies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx. +220</td>
</tr>
<tr>
<td>Revenue Enhancement</td>
<td></td>
<td>Approx. +40</td>
</tr>
<tr>
<td>Cost Savings</td>
<td></td>
<td>Approx. +240</td>
</tr>
<tr>
<td>Integration Expenses</td>
<td></td>
<td>Per year average Approx. (60)*3</td>
</tr>
</tbody>
</table>

| Net income (Consolidated)     | (410)            | Approx. 1,100 |

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*1 Aggregated basis of both groups (based on publicly announced earnings forecasts)

*2 Before consolidation adjustments such as inter-company transactions (Managerial accounting basis, only excluding dividend income from the subsidiaries)

*3 Average annual amount of integration expenses from FY05 to FY09, such as system integration costs etc.
Value Creation for UFJHD Shareholders

Theoretical value of UFJHD share will significantly increase as a result of the merger

- UFJHD key assumptions in the analysis of present value of the expected synergy
  - Discount rate of 8.5%: Assumed cost of equity of the combined entity
  - Terminal PER of 12.0x: Assumed P/E multiples of comparable US/European banks

### Market Cap *1 (Feb. 17, 2005)

- UFJHD: JPY 4,203 Bn
- MTFG: JPY 6,365 Bn

### Present Value of Expected Synergies

- New Co.: JPY 569,000

### Merger Ratio

- 1 : 0.62

### UFJHD share price (Feb. 17, 2005)

- JPY 569,000

### Theoretical value creation per each UFJHD share

- JPY 76,334 13.4%

*1 Fully-diluted basis
## Analysis and Evaluation of the SMFG Proposal

### The planned merger with MTFG is superior to a combination with SMFG in terms of both businesses and financials

<table>
<thead>
<tr>
<th><strong>Capital Base</strong></th>
<th><strong>Merger with MTFG</strong></th>
<th><strong>Merger with SMFG</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High quality capital base</strong></td>
<td>JPY 1.4 Tn of public funds</td>
<td>JPY 2.5 Tn of public funds</td>
</tr>
<tr>
<td></td>
<td>DTA / Tier I Capital 26.6%</td>
<td>DTA / Tier I Capital 48.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Asset Quality</strong></th>
<th><strong>High quality loan portfolio</strong></th>
<th><strong>Relatively high problem loan ratio</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Problem loan ratio 4.70%</td>
<td>Problem loan ratio 5.24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Business Model</strong></th>
<th><strong>Complementary business model</strong></th>
<th><strong>Operationally and regionally concentrated business model</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MTFG: Tokyo metropolitan area Large corporate and global operations</td>
<td>Strengths in Kansai region, retail and SME businesses</td>
</tr>
<tr>
<td></td>
<td>UFJ: Chubu and Kansai area Retail and SMEs businesses</td>
<td>Relative disadvantage in trust business and global operations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Synergies</strong></th>
<th><strong>Revenue enhancements and cost savings</strong></th>
<th><strong>Cost savings</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“Cross-sell” opportunities</td>
<td>Cost savings from branches integration</td>
</tr>
<tr>
<td></td>
<td>Cost savings from branches integration</td>
<td>Negative impact of market share adjustments due to large customer overlap</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Others</strong></th>
<th><strong>Steady progress in the merger process</strong></th>
<th><strong>Uncertainty of the merger</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Merger ratio already agreed upon after the DD</td>
<td>Uncertainty of timing</td>
</tr>
<tr>
<td></td>
<td>Detailed plan for realization of synergies</td>
<td>Subject to the DD</td>
</tr>
</tbody>
</table>

*Note: Figures and ratios on a simple combined basis as of Dec. 31, 2004 (Simple combined basis for problem loan ratio and consolidated basis for others)*
Business Plan for the New Group
## Key Financial Targets

<table>
<thead>
<tr>
<th></th>
<th>FY04 Forecast *1</th>
<th>FY08 Target</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Profit</strong></td>
<td>1,600</td>
<td>2,500</td>
<td>+50-60%</td>
</tr>
<tr>
<td>(consolidated) *2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expense Ratio</strong></td>
<td>50-55%</td>
<td>40-45%</td>
<td>(10 pts)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>(410)</td>
<td>1,100</td>
<td>-</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>Approx. (9%)</td>
<td>Approx. 17%</td>
<td>-</td>
</tr>
</tbody>
</table>

*1 Simple combined basis of both groups’ publicly announced financial estimates
*2 Before consolidation adjustments such as inter-company transactions (Managerial accounting basis, only excluding dividend income from the subsidiaries)

### <Macro economic assumption>

<table>
<thead>
<tr>
<th></th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M Tibor (avg.)</td>
<td>0.13%</td>
<td>0.29%</td>
<td>0.41%</td>
<td>0.46%</td>
</tr>
<tr>
<td>10Y JGB (avg.)</td>
<td>1.81%</td>
<td>2.22%</td>
<td>2.29%</td>
<td>2.29%</td>
</tr>
<tr>
<td>JPY/USD (FY end)</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td>Real GDP Growth Rate</td>
<td>1.1%</td>
<td>1.9%</td>
<td>1.0%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>
Expected Synergies (Revenue Enhancement)

Net Revenue Synergies of approx. JPY 40 Bn in FY 08
- Revenue enhancement expected to outweigh potential revenue decrease from share adjustment in loan exposures

Revenue Enhancement (FY08 Target)

<table>
<thead>
<tr>
<th>Annual Increase in Gross Profit *1</th>
<th>JPY 40 Bn</th>
</tr>
</thead>
</table>

*1 Net increase in gross profit to be realized in FY08

< Revenue Enhancement until FY07 >

For the first one to two years after the merger, a decrease in revenue is expected from adjustments in loan exposures to certain borrowers. The level of decrease for each of the first two years is expected to be at similar levels as the level of increase in gross profit for FY08.

Major Sources of Revenue Enhancement

- **Retail**
  - Investment product sales, residential mortgage loans and credit card business

- **Corporate**
  - Overseas services, real estate business and settlement business

- **Trust Asset**
  - Enhanced product development capability, outsourcing business
    - (Trust administration services for regional banks)
Cost Savings of approx. JPY 240 Bn in FY08

<table>
<thead>
<tr>
<th>Annual Total*1</th>
<th>JPY 240 Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff reduction: 40 Bn</td>
<td></td>
</tr>
<tr>
<td>System related cost: 80-90 Bn</td>
<td></td>
</tr>
<tr>
<td>Branch rationalization: 20 Bn</td>
<td></td>
</tr>
<tr>
<td>Headquarters: 60 Bn</td>
<td></td>
</tr>
<tr>
<td>Subsidiaries: 30 Bn</td>
<td></td>
</tr>
</tbody>
</table>

Summary Details

Cost savings arise from FY06.
More than 50% of target cost savings (JPY 240 Bn) is expected to arise in FY07.

One-Time Cost *2 (Included in operating expenses)
FY05-09 aggregated: JPY 320 Bn
(Annual average: JPY 60 Bn)

Summary Details: System Integration
- Complete systems integration of securities firms and overseas branches first
- Expected to conduct full integration (incl. domestic accounting system) in 2 years

Branch Rationalization
- Retail: 170 offices, Corporate: 100 offices, Overseas: 30 offices

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*1 Cost reduction amount to be realized in FY08 compared to FY04 forecast on a simple combined basis. Considering one-time cost (JPY 60 Bn in FY08), net cost synergies are JPY 180 Bn. (aggregation of banks, trust banks and securities firms for staff reduction, system related cost and branch rationalization)

*2 In addition to the one-time costs, extraordinary charges of approximately 360 billion (of which more than a majority is non-cash items such as write-offs and provision for additional reserves) is expected in fiscal year 2005.
Further strengthen 3 core business lines with a focus on Retail
Create more stable and balanced business portfolio

**Business Profit** (consolidated) Target

**FY04 Forecast**
- JPY 1.6 Tn
- (75% from core business lines)

**FY08 Target**
- JPY 2.5 Tn
- (85-90% from core business lines)

*1 Simple combined basis of MTFG & UFJ*
Aim to triple business profit in FY08 by increasing revenues mainly in Investment Product Sales and Consumer Finance and through integration synergies.

**Business Profit Target**

- **FY04 Forecast**: JPY 270 Bn
- **FY08 Target**: JPY 120-130 Bn

**Earnings Drivers**

- Testamentary Trust/Real Estate
- Others (security business, etc)
- Investment Product Sales
- Consumer Finance
- Loan

**Gross profit**

**Operating cost**

**Business profit**

**Synergies** JPY 120-130 Bn (Business profit)

*1 Simple combined basis of MTFG & UFJ

*2 Subsidiaries other than banks, trust banks and security firms

*3 Breakdown of changes in gross profit growth from FY04 forecast to FY08 target (excluding changes from increase in interest rate and consolidation of NICCS)
Corporate – Profit Target

35-40% increase in business profit in FY08 compared to FY04, driven by SME lending, Settlement, Investment Banking and Overseas businesses

<table>
<thead>
<tr>
<th>Earnings Drivers *2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate</td>
</tr>
<tr>
<td>Overseas</td>
</tr>
<tr>
<td>Securities</td>
</tr>
<tr>
<td>Settlement</td>
</tr>
<tr>
<td>SME Lending</td>
</tr>
<tr>
<td>Investment Banking*3</td>
</tr>
</tbody>
</table>

**Business Profit Target**

<table>
<thead>
<tr>
<th>FY04 Forecast *1</th>
<th>FY08 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>Interest rate increase</td>
</tr>
<tr>
<td>Operating cost</td>
<td>Synergies JPY 30-40 Bn (Business profit)</td>
</tr>
<tr>
<td>Business profit</td>
<td>JPY 920 Bn</td>
</tr>
</tbody>
</table>

**Corporate – Profit Target**

*1 Simple combined basis of MTFG & UFJ

*2 Breakdown of changes in gross profit growth from FY04 forecast to FY08 target (excluding revenue increase from deposits and lending revenue, and decrease due to NPL collection)

*3 Domestic investment banking revenues from banks and trust banks. Investment banking revenues from Mitsubishi UFJ Securities are categorized as “Securities”
Aim to triple business profit compared to FY04 by providing full spectrum of Asset Management/Administration Services of best quality in Japan

Business Profit Target

- Gross profit
- Operating cost
- Business profit

FY04 Forecast
- JPY 24 Bn
FY08 Target
- Synergies JPY 5-10 Bn

Earnings Drivers *2

- Corporate Pension
- Investment Trust (Asset Management)
- Investment Trust (Asset Administration)
- Custody
- Trust Business (other than pensions)

*1 Simple combined basis of MTFG & UFJ

*2 Breakdown of changes in gross profit growth from FY04 forecast to FY08 target
Schedule Going Forward
Schedule Going Forward

2005

By the end of April  Signing of Merger Agreement

End of May  FY04 Earnings Announcement

Middle of June  Notification of General Shareholders’ Meeting

End of June  General Shareholders’ Meeting

October 1st (Plan)  Closing Date of the Planned Merger

Establishment of Mitsubishi UFJ Financial Group
Filings with the U.S. SEC

Mitsubishi Tokyo Financial Group, Inc. ("MTFG") may file a registration statement on Form F-4 ("Form F-4") with the U.S. SEC in connection with the proposed management integration of UFJ Holdings, Inc. ("UFJ") with MTFG. The Form F-4 (if filed) will contain a prospectus and other documents. If a Form F-4 is filed and declared effective, UFJ plans to mail the prospectus contained in the Form F-4 to its U.S. shareholders prior to the shareholders meeting at which the proposed business combination will be voted upon. The Form F-4 (if filed) and prospectus will contain important information about MTFG, UFJ, management integration and related matters. U.S. shareholders of UFJ are urged to read the Form F-4, the prospectus and the other documents that may be filed with the U.S. SEC in connection with the management integration carefully before they make any decision at the UFJ shareholders meeting with respect to the proposed business combination. The Form F-4 (if filed), the prospectus and all other documents filed with the U.S. SEC in connection with the management integration will be available when filed, free of charge, on the U.S. SEC's web site at www.sec.gov. In addition, the prospectus and all other documents filed with the U.S. SEC in connection with the management integration will be made available to shareholders, free of charge, by calling, writing or e-mailing:

MTFG CONTACT:
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26F Marunouchi Bldg., 4-1 Marunouchi 2-chome,
Chiyoda-ku Tokyo 100-6326 Japan
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Hirotugu_Hayashi@mtfg.co.jp

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8114 Japan
81-3-3212-5458
shiro_ikushima@ufj.co.jp

In addition to the Form F-4 (if filed), the prospectus and the other documents filed with the U.S. SEC in connection with the management integration, MTFG is obligated to file annual reports with, and submit other information to, the U.S. SEC. You may read and copy any reports and other information filed with, or submitted to, the U.S. SEC at the U.S. SEC’s public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the other public reference rooms in New York, New York and Chicago, Illinois. Please call the U.S. SEC at 1-800-SEC-0330 for further information on public reference rooms. Filings with the U.S. SEC also are available to the public from commercial document-retrieval services and at the web site maintained by the U.S. SEC at www.sec.gov.

Forward-Looking Statements

This communication contains forward-looking information and statements about MTFG, UFJ and their combined businesses after completion of the management integration. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expect," "anticipates," "believes," "intends," "estimates" and similar expressions. Although MTFG's and UFJ's management believe that the expectations reflected in such forward-looking statements are reasonable, investors and holders of UFJ securities are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of MTFG and UFJ, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public filings with the SEC and the local filings made by MTFG and UFJ, including those listed under "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in the prospectus included in the registration statement on Form F-4 that MTFG may file with the U.S. SEC. Other than as required by applicable law, MTFG and UFJ do not undertake any obligation to update or revise any forward-looking information or statements.