Establishment of Subsidiaries for Issuance of “Non-Dilutive” Preference Shares

UFJ Holdings, Inc. hereby announces that the Board of Directors’ meeting of The Sanwa Bank, Limited (a wholly owned subsidiary of UFJ Holdings), which was held on October 9, 2001, resolved to establish three wholly owned subsidiaries in Cayman Islands named UFJ Capital Finance 1 Limited, UFJ Capital Finance 2 Limited and UFJ Capital Finance 3 Limited (“Cayman Subsidiaries”) as vehicles to issue preference shares (“Non-dilutive Preference Shares”).

The Non-dilutive Preference Shares, noncumulative perpetual preference shares issued by the Cayman Subsidiaries, do not cause any dilution of the ordinary shares of Sanwa Bank and/or UFJ Holdings, i.e. the Non-Dilutive Preference Shares are not accompanied with conversion rights to these ordinary shares. The Non-Dilutive Preference Shares are scheduled to be issued through private placements by the middle of November 2001, after submission of a notification to and acceptance by the Financial Services Agency regarding the establishment of the Cayman Subsidiaries.

This issuance aims to reinforce the capital adequacy of Sanwa Bank, which will merge with The Tokai Bank, Limited in January 2002 to form UFJ Bank Limited, through increasing the Tier I capital. By this means, the UFJ Group will enhance its financial strength, which is essential to provide more sophisticated financial services for its customers.

This press release is for the purpose of providing information only and does not constitute any invitation to any person to take any action.
Description of Non-dilutive Preference Shares

Issuers: Cayman Subsidiaries, which are special purpose companies to be newly established under the law of Cayman Islands

Issue Amount: Approximately Yen 200 billion (plan)

Type of Securities: Noncumulative perpetual preference shares

Use of Proceeds: To be provided for Sanwa Bank as perpetual subordinated loans

Liquidation Preference:

The Non-dilutive Preference Shares are intended to provide holders with rights to liquidation preferences that are similar to those provided by Sanwa Bank’s most senior preferred shares.

Method of Offering: Private placements

Note: The terms and conditions of issue, including issue amount, shall be determined.

Chart of Scheme

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