November 22, 2001

To Whom It May Concern:

UFJ Holdings, Inc.

UFJ Group’s Scheme for Resolution of Problem Loans

The UFJ Group shall accelerate the process for enhancing the soundness of its loans, which are classified as sub-standard or lower grade, through revitalization of the corporate borrowers, or in promoting final disposal of the said loans by off-balancing. Aiming to achieve such goals, the UFJ Group shall establish an advisory company for the resolution of problem loans, and at the same time shall bolster the function of The Frontier Servicer Co., Ltd., the servicer company within the Group.

The UFJ Group has, as a drastic measure for problem loans, set the policy to resolve all loans to borrowers classified as ‘sub-standard’, ‘possible non-performing’, ‘quasi non-performing’, or ‘non-performing’, targeting the end of March 2003, as given in the Emergency Economic Package and “Advanced-Reform Program”.

1. Establishment of Advisory Company

With the aim of bolstering the measures for and accelerating the process of the resolution of loans to sub-standard or lower grade borrowers, we shall establish an advisory subsidiary that will consider overall resolution measures for each loan (hereinafter ‘resolution subsidiary’). By establishing a separate entity, borrowers’ information can be dealt with appropriately, and knowhow to be cultivated through its activities will be accumulated within the resolution subsidiary. The resolution subsidiary is expected to nominate Merrill Lynch Japan Securities Co., Ltd. (hereinafter ‘Merrill Lynch’), as the advisor.
2. Function of Resolution Subsidiary

The resolution subsidiary shall provide a wide range of investment banking services relating to measures for resolving problem loans for the UFJ Group. The resolution subsidiary shall offer advice to UFJ Bank and UFJ Trust Bank on structuring related to work-outs and off-balancing for the relevant loans, sharing necessary information after gaining the prior consent from the borrower. Also, after UFJ Bank determines a resolution policy, the resolution subsidiary will provide advice on selecting business sponsors in work-outs, and on acquiring funds in off-balancing: this will contribute to a swift resolution to the problem loans.

Regarding off-balanced debt, Frontier Servicer shall be in charge of negotiations with and collection from the borrower.

3. Advisor

Merrill Lynch, the advisor for the resolution subsidiary, shall provide structuring knowhow in corporate revitalization schemes by dispatching personnel, and shall provide support in fund raising and cross-border M&A advice through its worldwide network. Utilizing the ability to understand the borrowers’ situation, business evaluation knowhow and domestic network held by the UFJ Group, in addition to the support of such functions, UFJ shall realize advanced corporate revitalization schemes in work-outs shall be realized.

Also, the participation of an external investment bank as an advisor in setting a resolution policy for each loan will enhance the suitability and objectivity of the resolution plan, which is more acceptable for the borrower.

4. Measures to Resolve Problem Loans

Based on the advice of the resolution subsidiary regarding loans for sub-standard or lower grade borrowers, the UFJ Group will quickly realize the resolution of problem loans by drafting and supporting optimal corporate revitalization schemes (enhancing soundness of loans through corporate
revitalization via funding and business support) and selling to minimize losses on loans, for which prospects of quick collection are slim, to third parties.

The UFJ Group shall quickly resolve problem loans, by carrying out such initiatives, and strengthen its financial condition by implementing restructuring plan and increasing capital.

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