December 25, 2002

To Whom It May Concern:

UFJ Holdings, Inc.
(Code: 8307)

Progress of “Efforts to Solve Problem Loan Issues and Strengthen Equity Capital”

As we have stated in the statement released on Nov 25, “Accelerated efforts to solve business problems of the UFJ Group”, UFJ Group has been contemplating initiatives intended for the purpose of accelerating problem loan disposal and enhancement of equity capital (the “Initiative”). Today, we have reached an agreement with US financial group Merrill Lynch (“Merrill Lynch”) to pursue our discussions toward realization of the Initiative by the end of the current fiscal year. UFJ Group will establish a preparatory organization to implement the Initiative.

UFJ Group will raise 100 billion yen or more of Tier 1 capital through the Initiative.

1. Merrill Lynch Participation in the Initiative

UFJ Group and Merrill Lynch have agreed to continue discussions to work together on revitalization of borrowers or problem loan disposal by both parties allocating capital and staff to the subsidiary that is to be formed in connection with the Initiative (the “Subsidiary”).

UFJ Group, jointly with Merrill Lynch, established UFJ Solution Consulting (“USC”) in April 2002, which has been providing UFJ Bank advisory services to revitalize borrowers, borrowers, where appropriate, and to resolve problem loans. We have reached an agreement to work on discussions of the Initiative to aggressively encourage revitalization of borrowers/problem loan disposal by leveraging experiences and expertise gained through our joint efforts in USC, and to further strengthen the efforts to date.

2. Overview of the Initiative

- Loans to small- and medium-sized companies (approximately 1 trillion yen in principal), are divested and UFJ Bank acquires common stock of the Subsidiary.
- The Subsidiary raises approximately 100 billion yen of equity capital from Merrill Lynch
through issuance of preferred stock. (Since the Subsidiary is subject to consolidation, the raised capital will be recognized as shareholders’ equity of UFJ Bank on a consolidated basis.)

- The Subsidiary moves forward with revitalization of borrowers or problem loan disposal, using capital/expertise provided by Merrill Lynch as well as promoting the collaboration with Industry Revitalization Corporation, Resolution and Collection Corporation, and Corporate Revitalization Funds.
- The Subsidiary will consider providing the borrowers with the opportunity to revitalize, where appropriate, as well as to secure transparency and objectivity, through various means which may include establishing an Advisory Board consisting of outsiders

Proposed Structure of the Initiative

UFJ Holdings posted this News Release on this Web site, aiming to facilitate timely disclosure of information to its stockholders, investors, customers, etc.

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