

2006 Merrill Lynch Japan Conference

Mitsubishi UFJ Financial Group

One year since merger:

Achievements and key future issues

September 2006

Quality for You



MUFG

This document contains forward-looking statements in regard to forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) and its respective group companies (collectively, “the group”). These forward-looking statements are based on information currently available to the 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 (premises) have been utilized. These statements and assumptions (premises) 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 other disclosure and public filings made or will be made by MUFG and the other companies comprising the group, including the kessantanshin, financial reports, Japanese securities reports and annual reports, for additional information regarding such risks and uncertainties. The group has no obligation or intent to update any forward-looking statements contained in this document.

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

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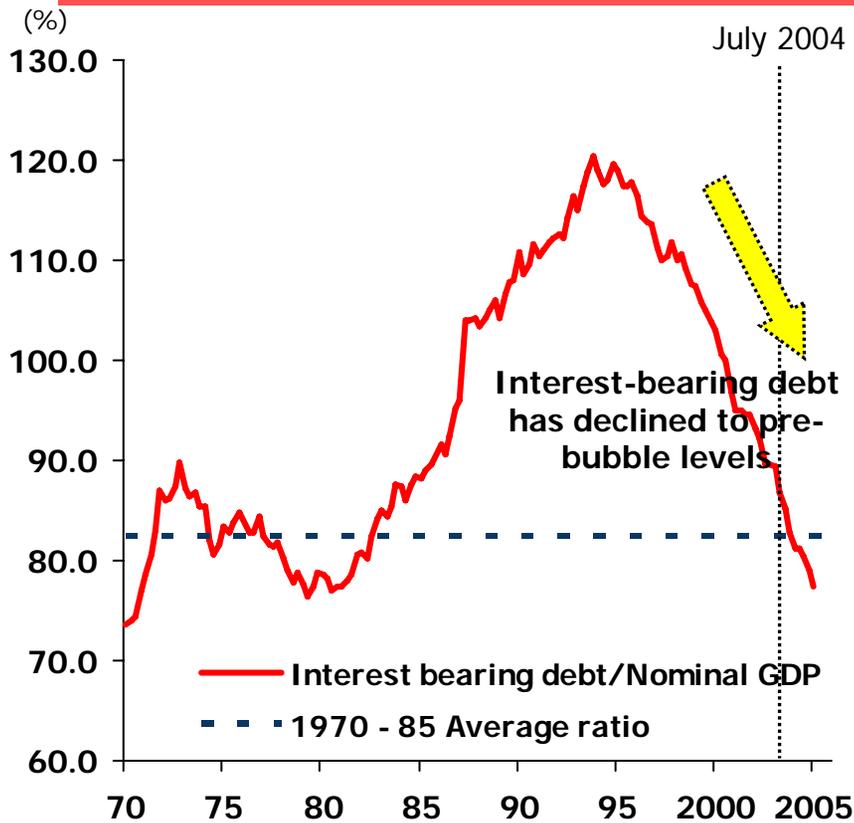
The Creation of MUFG

Changes in operating environment (1) - Domestic macroeconomic trends

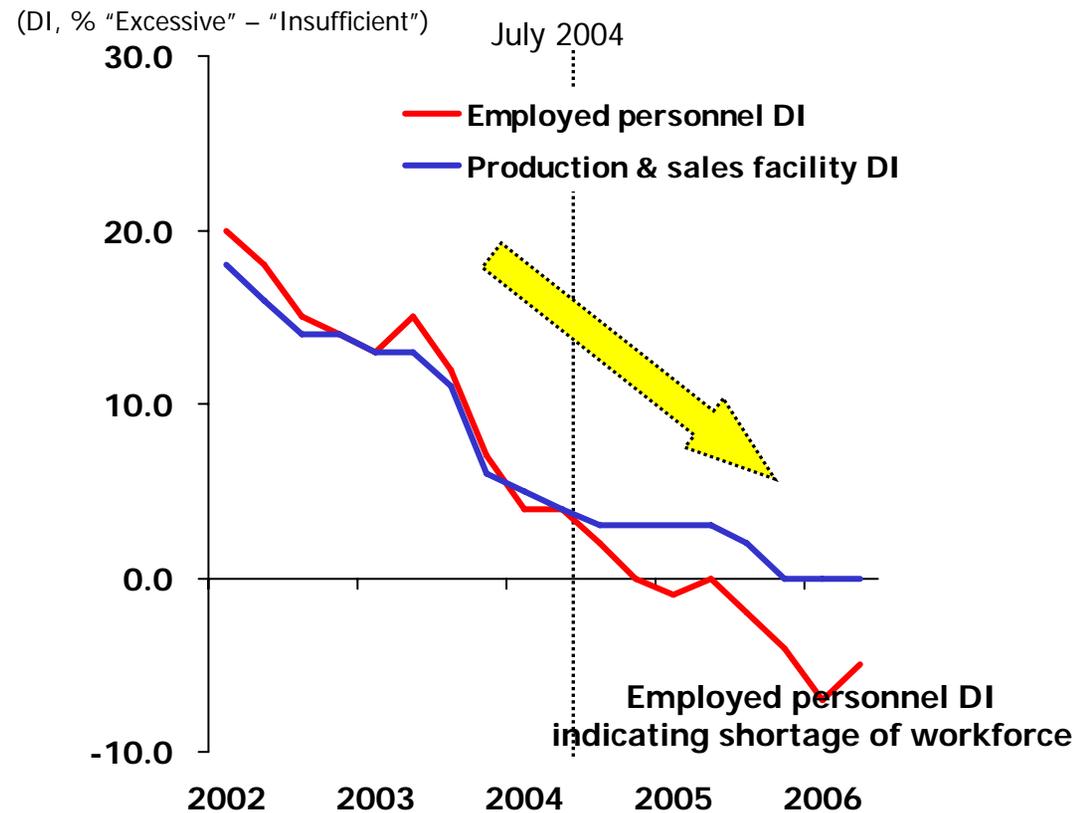


- Excess debt has been significantly reduced, labor and capacity excesses are also being rapidly reduced

Interest bearing debt/nominal GDP



BOJ *Tankan* Diffusion Index: Excessive/Insufficient Production & Sales Facilities, Employment



Source: Cabinet Office "System of National Accounts", Bank of Japan "Flow of Funds Accounts Statistics"

* Interest bearing debt = Borrowings + Corporate bonds

Source: Bank of Japan

Changes in operating environment (2) – Progress of deregulation



- **Business opportunities for Japanese banks have increased as deregulation has allowed banks to handle an expanded range of products and services**

- Dec 1998 Lifting of ban on sales of investment trusts by banks
- Apr 2001 Partial lifting of ban on over-the-counter sale of insurance products by banks (fire insurance related to mortgage loans)
- Feb 2002 Banks allowed into trust banking business
- Apr 2002 Abolished approval requirement for bank branch opening
- Oct 2002 Additional partial lifting of ban on over-the-counter sale of insurance products by banks (individual insurance annuities)
- Apr 2004 Banks allowed into the “revolving” or “aggregate” method credit card business
- Dec 2004 Banks allowed into the securities intermediation business
Japanese FSA announced ‘Program for Further Financial Reform’
- Oct 2005 Bill for privatization of Japan Post passed
- Dec 2005 Further lifting of ban on over-the-counter sales of insurance products by banks (single payment whole life insurance, accumulated accident insurances)
- Apr 2006 Deregulation of bank agency business
- Jun 2006 Financial Instruments and Exchange Law promulgated
- In the future, the ban on over-the-counter sales of insurance products is expected to be completely lifted

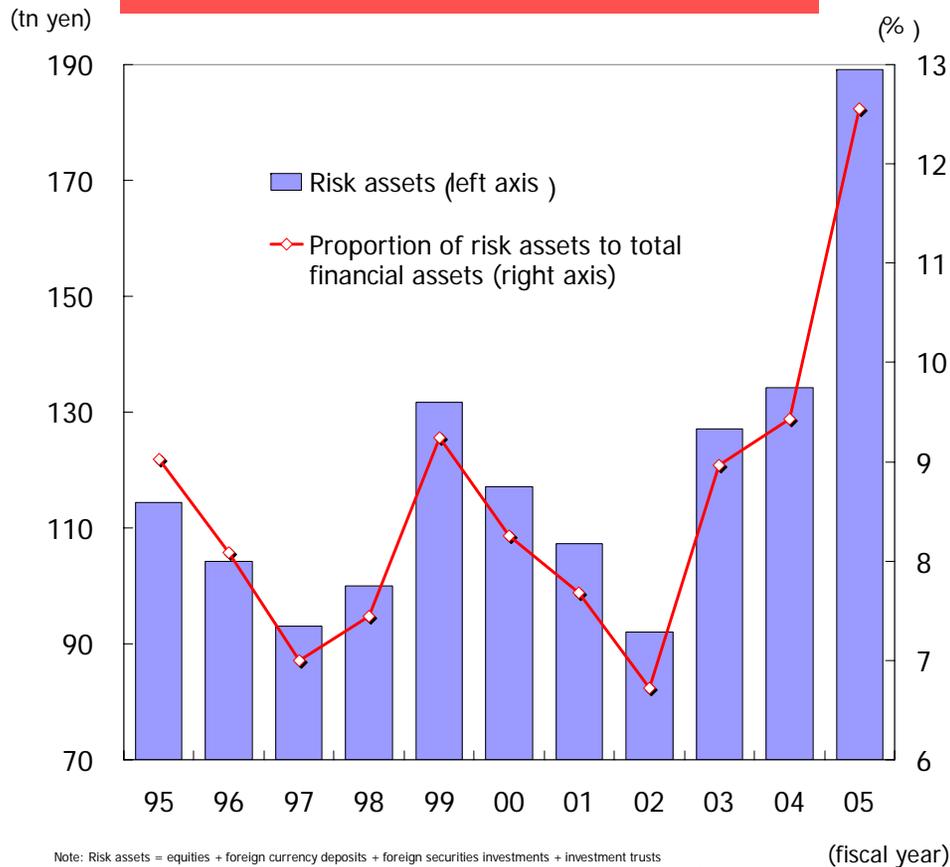
Changes in operating environment (3) – From savings to investments



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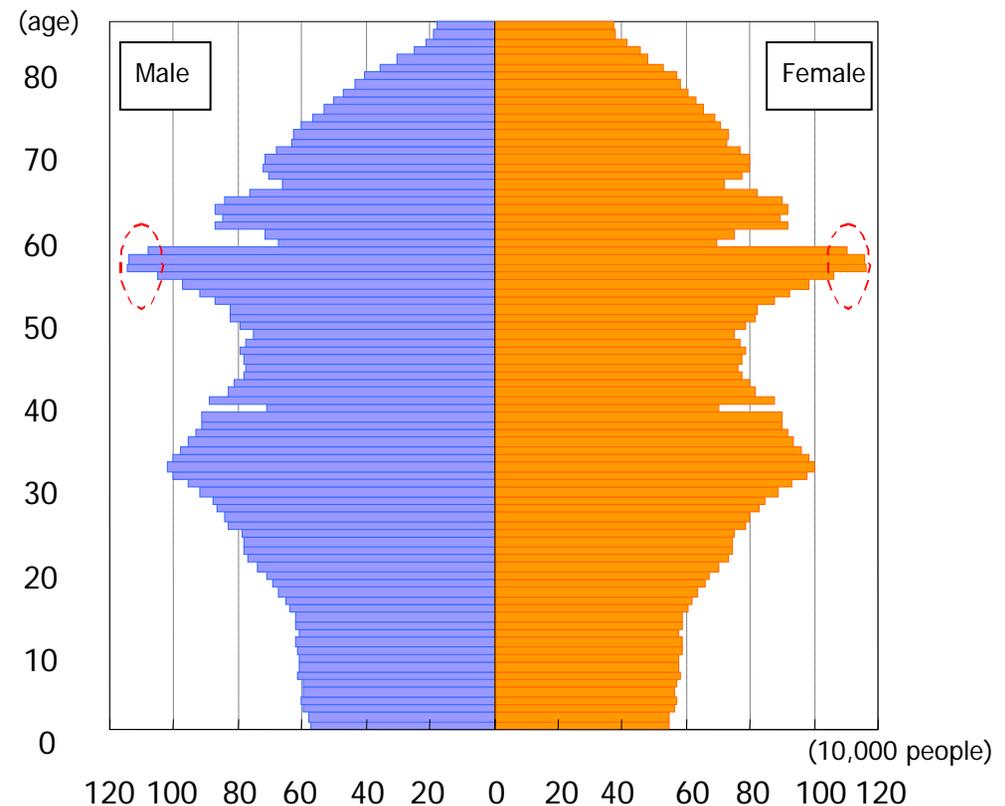
- Asset management needs have increased due to individuals' growing appetite for risk embedded financial products and the retirement of the baby-boomer generation

Change in individuals' risk asset ratio



Note: Risk assets = equities + foreign currency deposits + foreign securities investments + investment trusts
 Data: Created by the BTMU Economic Research Dept. from 'Flow of Funds Accounts Statistics', published by Bank of Japan

Population profile (as of Oct 1, 2004)

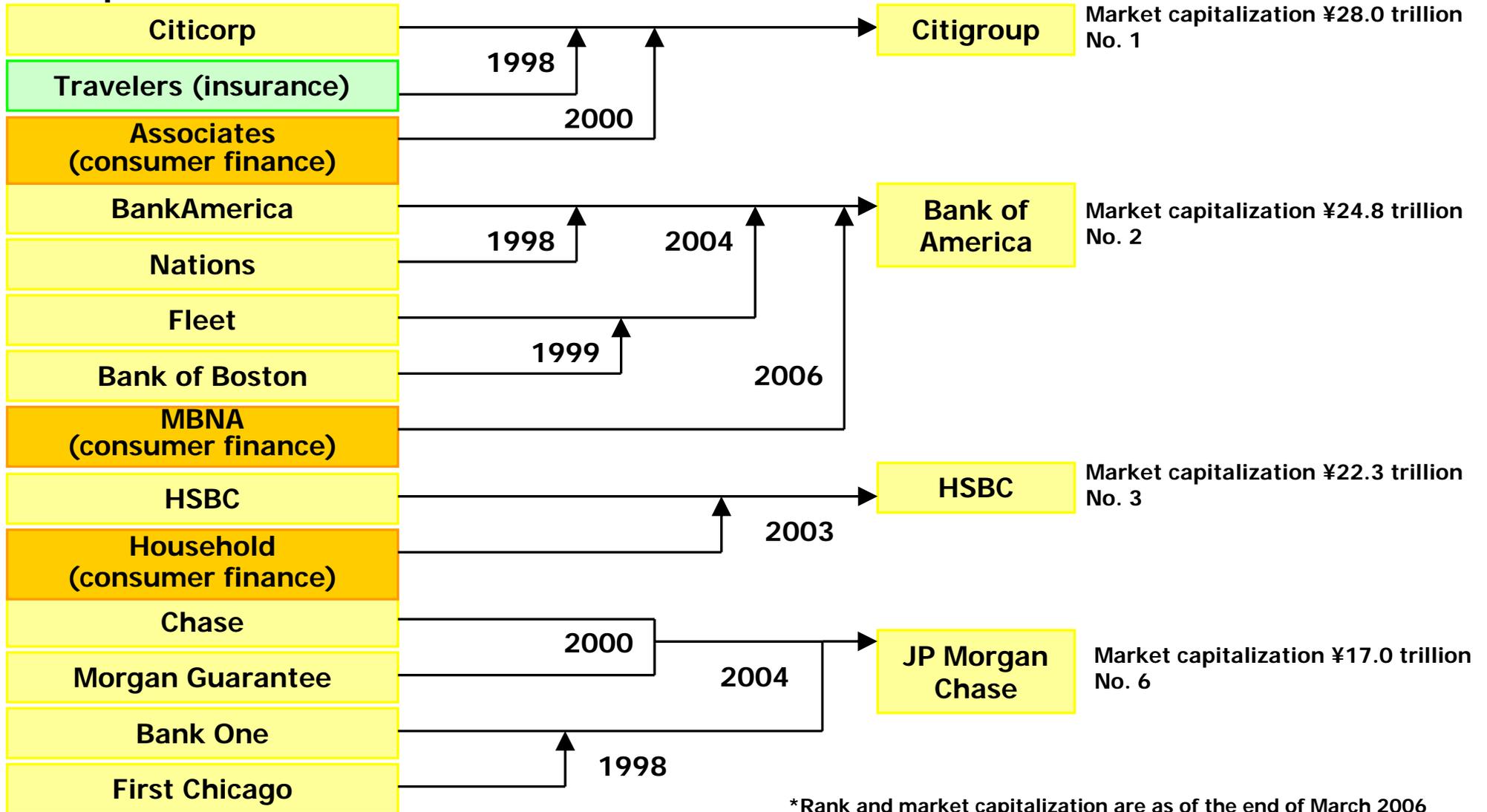


Source: Ministry of Internal Affairs and Communication

Changes in operating environment (4) – Trends of foreign financial institutions



Shift towards megabanks and comprehensive financial institutions

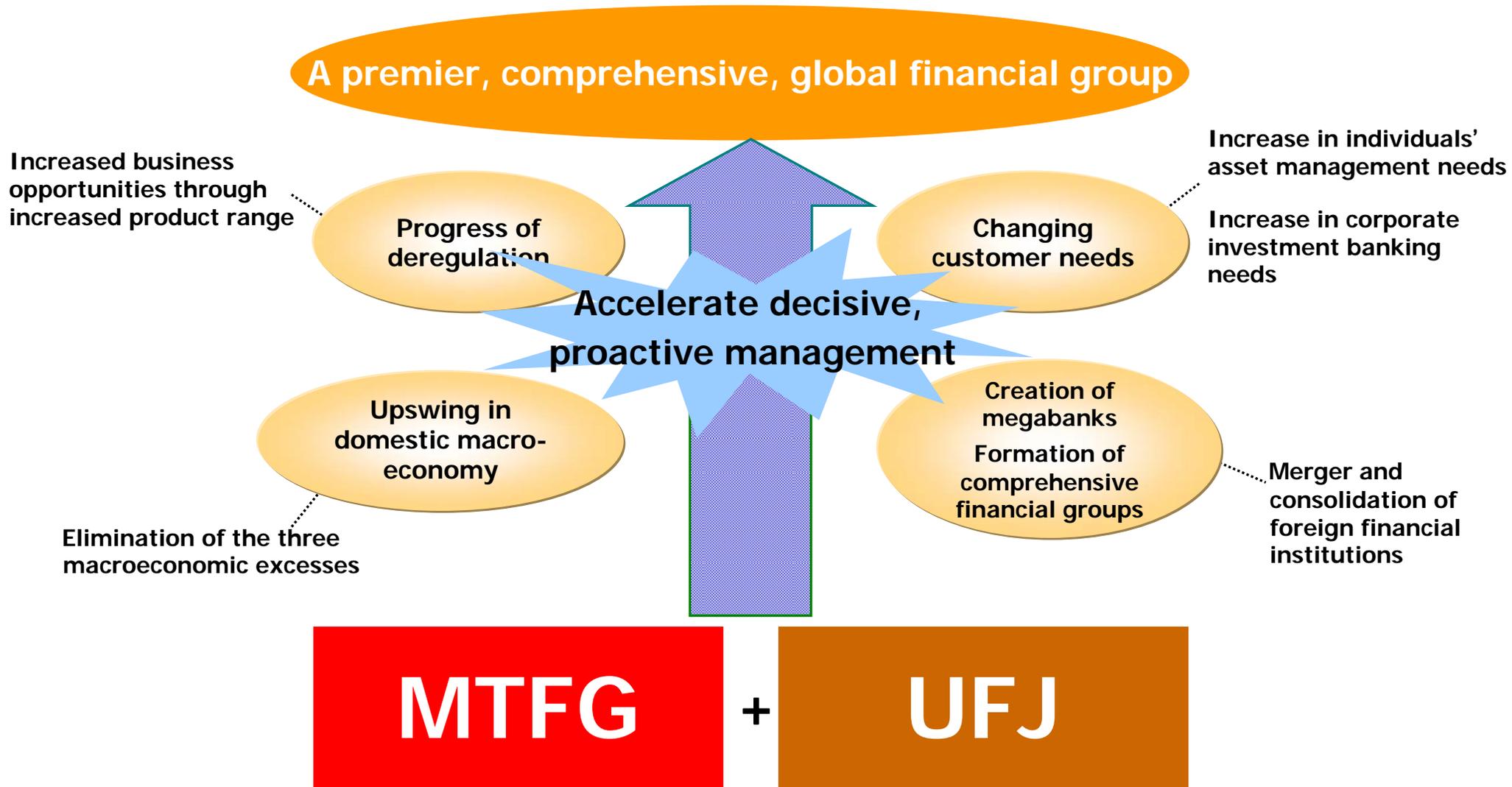


*Rank and market capitalization are as of the end of March 2006
Source:Datastream

Shift of business strategy (1) – Business integration decisions



- Amidst changes in the business environment, we have selected integration as the optimal growth strategy

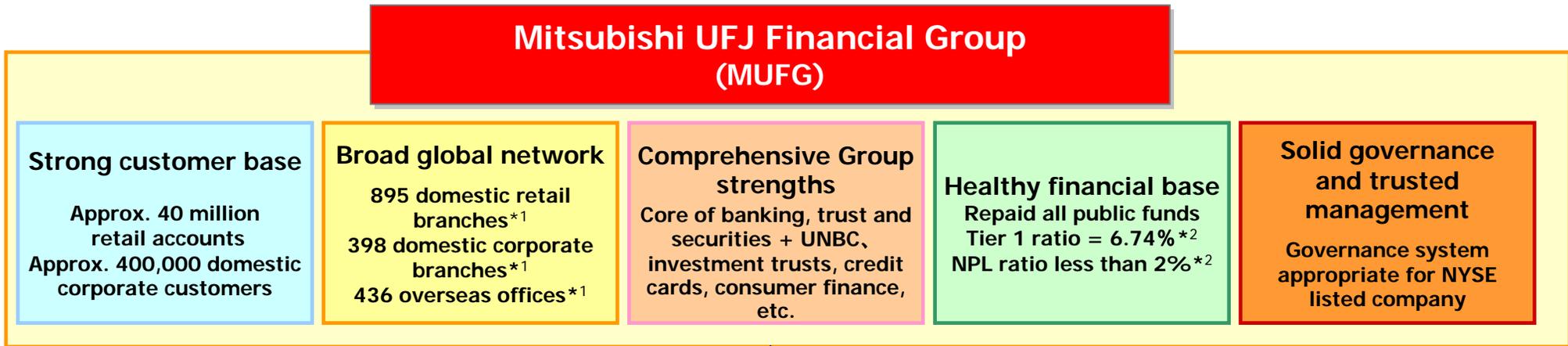


Shift of business strategy (2)

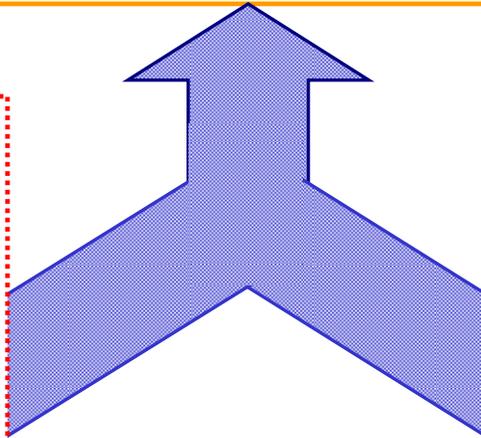
– Creating a premier, comprehensive, global financial group



- Creation of MUFG that aims to be a premier, comprehensive, global financial group both in quality and volume

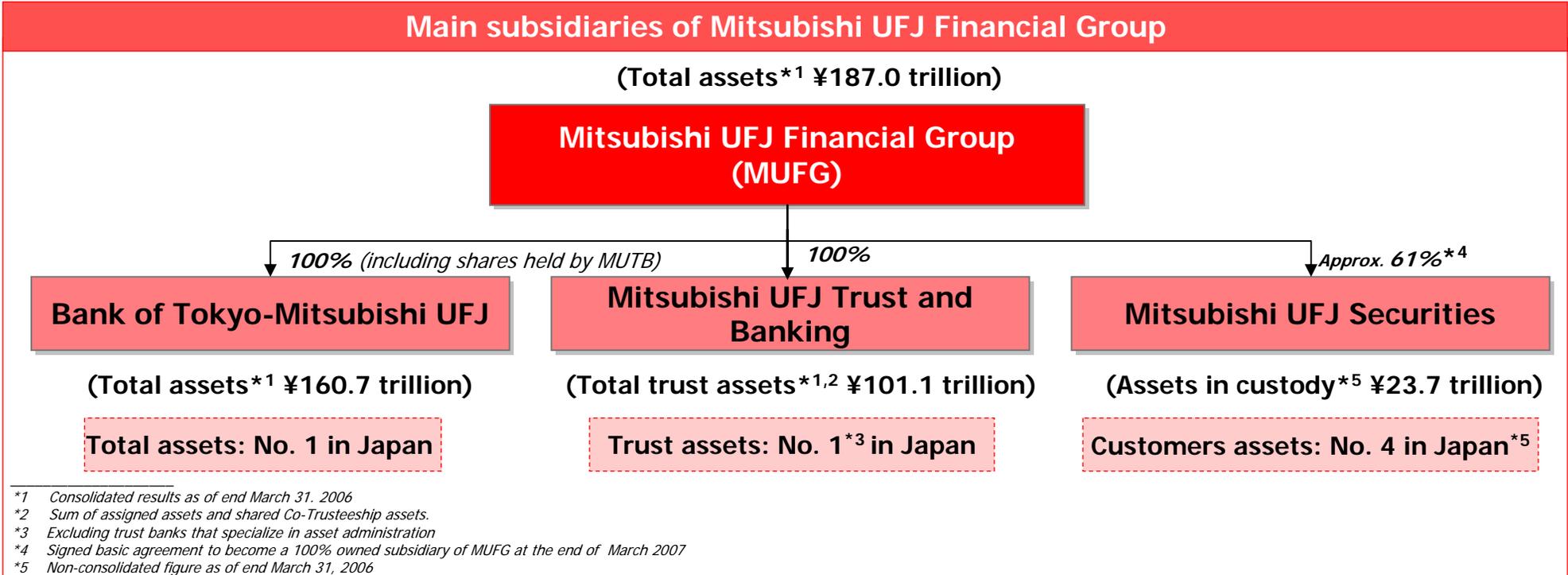


- Strengths of MTFG**
- Branch network in Tokyo metropolitan area and overseas
 - Business with large companies and overseas business
 - Business with high net worth individuals
 - Healthy financial base
 - Only Japanese bank listed in New York



- Strengths of UFJ**
- Chubu and Kansai regional network
 - Business with SMEs
 - Business with mass retail clients

*1 As of the end of March 2006 *2 As of the end of June 2006



One year since merger:
Key achievements

- **Achieved smooth integration (completion of Day 1)**
- **Created the MUFG brand**
- **Established Integrated Business Group system and implementing growth strategies**
- **Established management control framework**
- **Public funds fully repaid and further improved financial health**

Achieved smooth integration (Day 1)



- **Successful completion of integration by each company**
—including holding company, commercial bank, trust bank and securities company

Japan

- Day 1 systems integration was completed without problems
- Extended our network through integration and greatly increased convenience for customers (over 90% of retail transactions are available at all branches, regardless of former affiliation)
- Mainly in the Tokyo metropolitan area, branches located near each other have been combined and the 'branch within a branch' system has been launched

Overseas

- Completed integration of branches and systems

Affiliates

- Created companies with a leading presence in their respective business categories such as Mitsubishi UFJ Asset Management and UFJ Nicos, and others

Created the MUFG brand



- Developed group brand strategies aiming to establish a valuable brand
- Actively implementing a common logo and Group message - 'Quality for You'

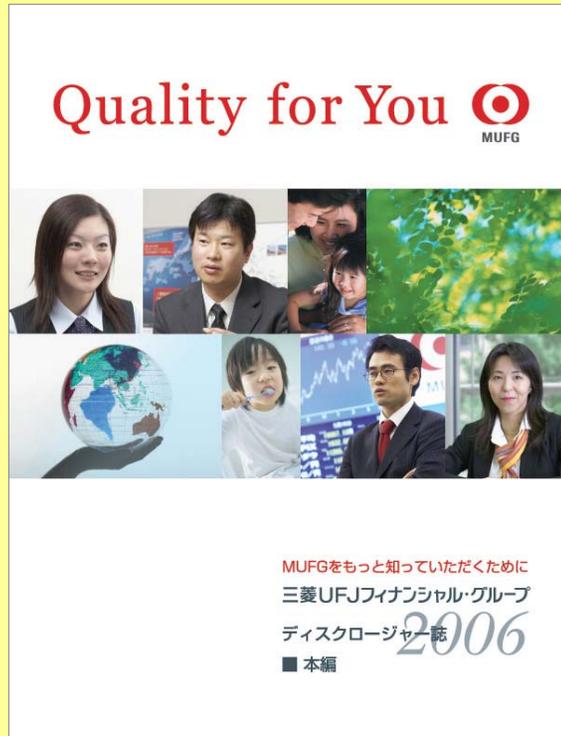
Quality for You

Message: 'Through providing high **quality** services, we aim to help enhance the **quality** of our customers' lifestyles and businesses, and also contribute to local community and society'

MUFG PLAZA



Disclosures



Ads in newspaper

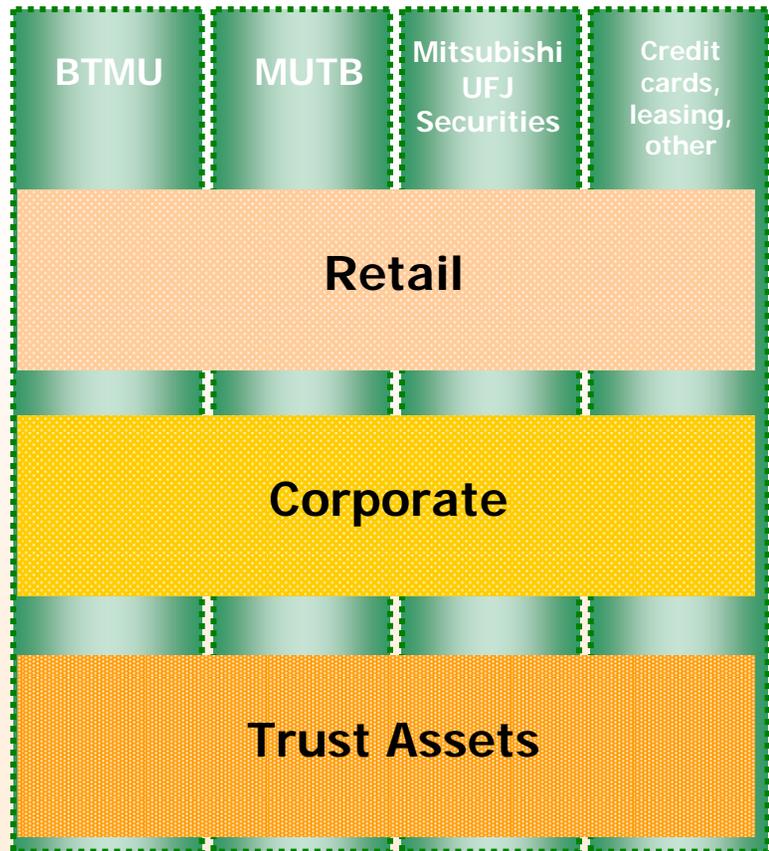


Established Integrated Business Group system and implementing growth strategies



- Utilize Integrated Business Group system to develop groupwide business strategies
- Implementing strategic alliances and investments to strengthen profitability

Integrated Business Group system



Main investments and alliances

Oct 2005:

- UFJ Nicos became a consolidated subsidiary

Nov 2005:

- Comprehensive alliance with The Norinchukin Bank in retail business

Apr 2006:

- Agreed to establish mobile net bank with KDDI

May 2006:

- Investment in and alliance with US investment banking boutique
- Established Mitsubishi UFJ Merrill Lynch PB Securities
- Established joint net settlement service company with DeNA

Aug 2006:

- Business alliance with Bank of China

Mitsubishi UFJ Securities to be wholly-owned subsidiary of MUFG



- Enhancing Integrated Business Group system and conducting our business as a unified comprehensive financial group
- Further strengthening securities business by making full use of our group resources. Aim to realize synergies further between commercial bank, trust bank and securities company

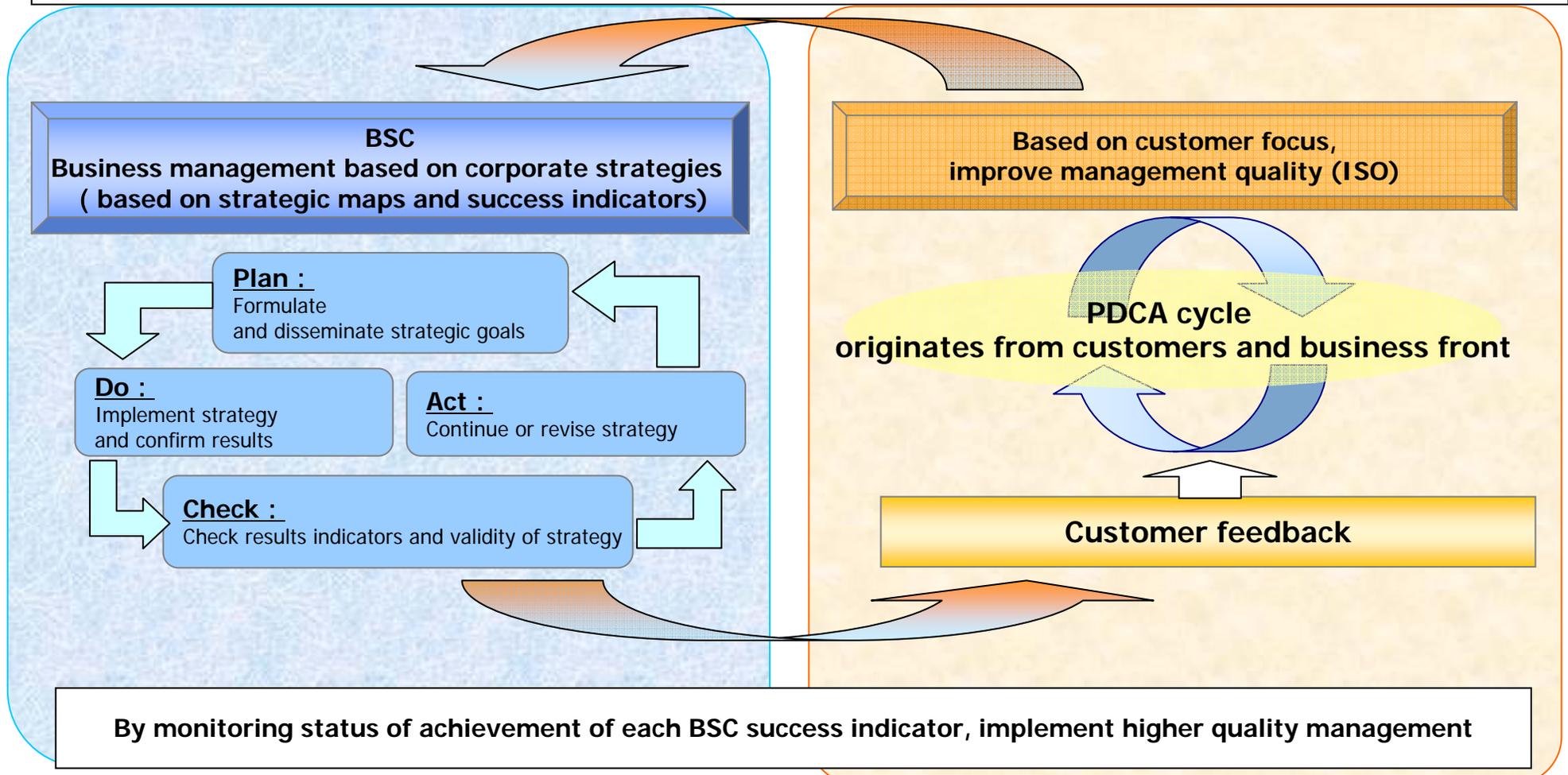
Scheme of transaction	Share exchange (Planned)	
Schedule of share exchange	● Aug 29, 2006	Signing of basic agreement
	● Mid-Nov, 2006 (Planned)	Board meeting to approve share exchange agreement Signing of share exchange agreement
	● Late-Feb, 2007 (Planned)	Extraordinary general shareholders' meeting to approve share exchange agreement (Mitsubishi UFJ Securities* ¹)
	● Mar 31, 2007 (Planned)	Effective date of share exchange
Share exchange ratio	The parties will comprehensively consider numerous factors, including the results of the analyses provided by their respective financial advisors, and discuss and decide the share exchange ratio	

*1 MUFG will conduct this share exchange transaction without obtaining shareholder approval at its general shareholders' meeting, since this share exchange transaction is deemed a "simple share exchange" under Article 796-3 of the Company Law of Japan.

Established management control framework

- Established management control framework utilizing BSC and ISO
- Created unified personnel systems and fostering a new Group culture

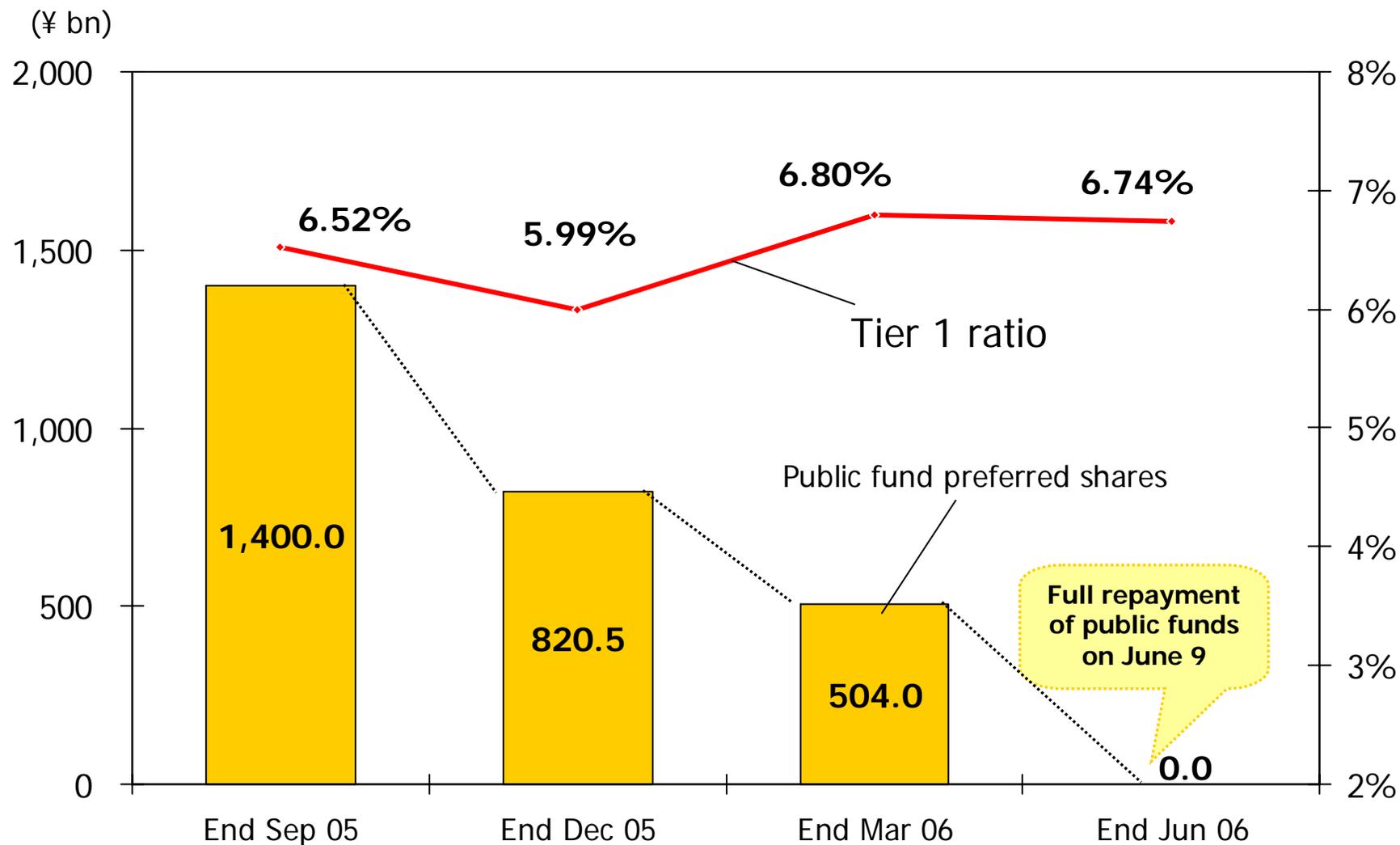
Reflected the ISO customer and workplace feedback and improvement process in specific BSC strategies and measures



Public funds fully repaid



Public funds have been fully repaid and capital strengthened

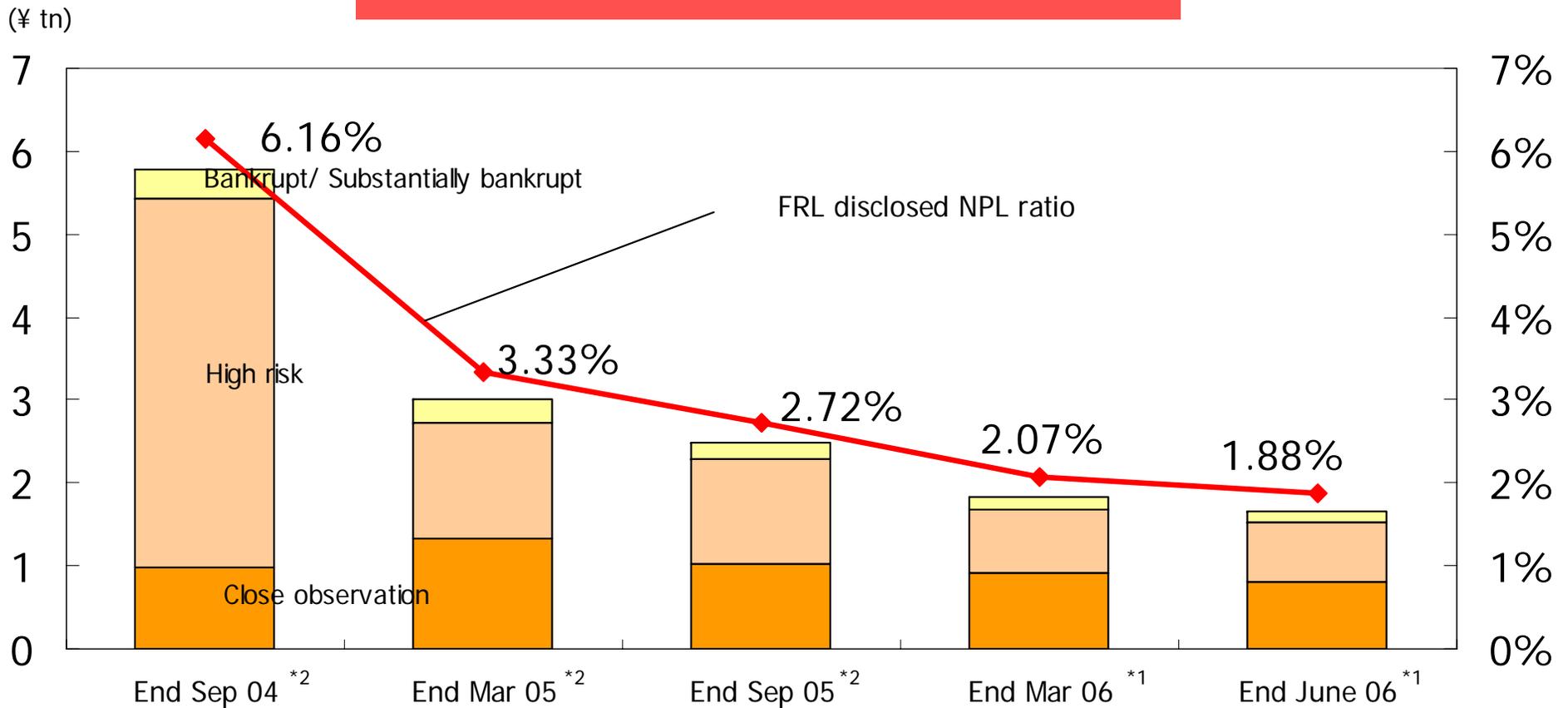


Further improved financial health



■ Asset quality steadily improved with disclosed NPL ratio fallen to less than 2%

FRL disclosed loans



*1 Sum of non-consolidated figures of BTMU and MUTB for End Mar 06 and End June 06 (not including separate subsidiaries)

*2 Sum of non-consolidated figures of BTM,UFJ Bank, MUTB and UFJ Trust on or before End Sep 05 (including separate subsidiaries)

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Group targets and future issues

- **Strengthen profitability (achieve financial targets)**
- **Implement a balanced capital strategy**
- **Further promote smooth integration (complete Day 2)**
- **Improve customer satisfaction and strengthen CSR management**

Strengthen profitability (1) – Financial targets (announced Feb 2006)

- Feb 2006, we announced that we expect to fully realize most integration benefits and target consolidated net operating profit of approx. ¥2.5 trillion and consolidated net income of approx. ¥1.1 trillion in fiscal 2009

(¥ bn)

(Consolidated)	FY 05 Results ^{*1}	FY 08 Targets ^{*2}	FY 09 Targets ^{*2}
Net operating profit	1,751.5	Approx. 2,400.0	Approx. 2,500.0
Expense ratio	53%	Approx 45%	40 - 45%
Net income	1,181.7	Approx. 1,000.0	Approx. 1,100.0
ROE	-	Approx. 15%	Approx. 15%

*1 Net operating profit, expense ratio and net income include FY 2005 (April to September) results of the former UFJ Holdings.

*2 These target figures were formed and announced in Feb 2006, and have not been revised.

Macro-economic assumptions^{*3}

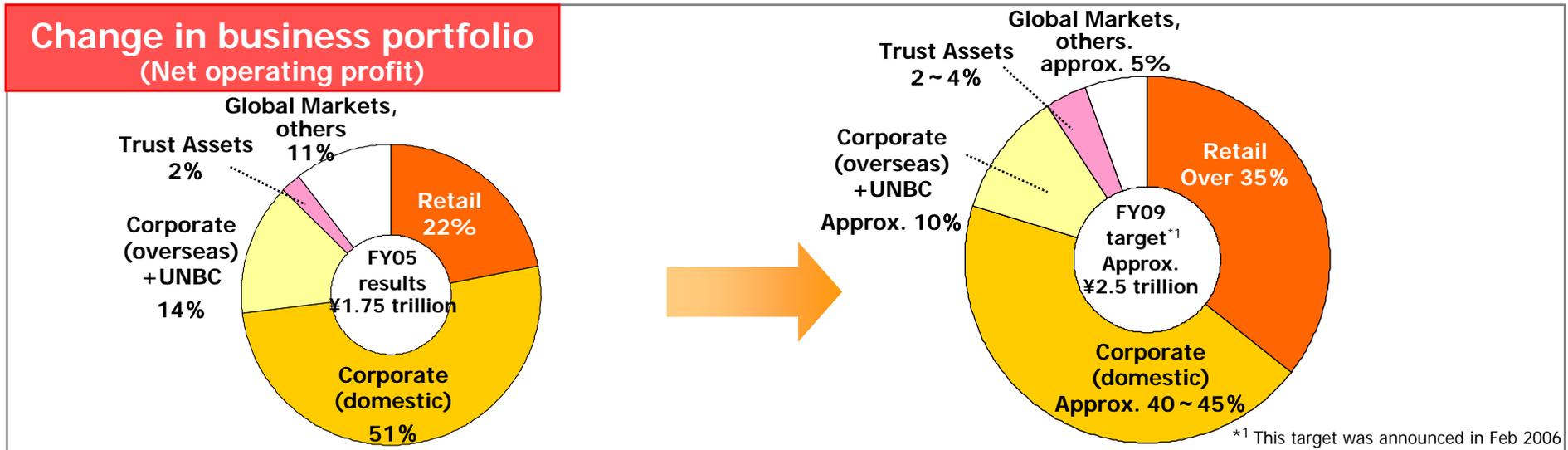
	FY 06	FY 07	FY 08	FY 09
3MTibor (period average)	0.24%	0.37%	0.46%	0.48%
10 year JGB yield (period average)	1.89%	1.94%	2.07%	2.13%
US\$/Yen rate (end of period)	¥105	¥105	¥105	¥105
Japan's real GDP growth (annual rate)	1.59%	1.49%	1.81%	2.14%

*3 These assumptions were formulated in Feb 2006, and have not been revised

Strengthen profitability (2) – Change in business portfolio



- Aim to grow profits in the three customer businesses, mainly Retail
- Build an optimal business portfolio for sustainable growth

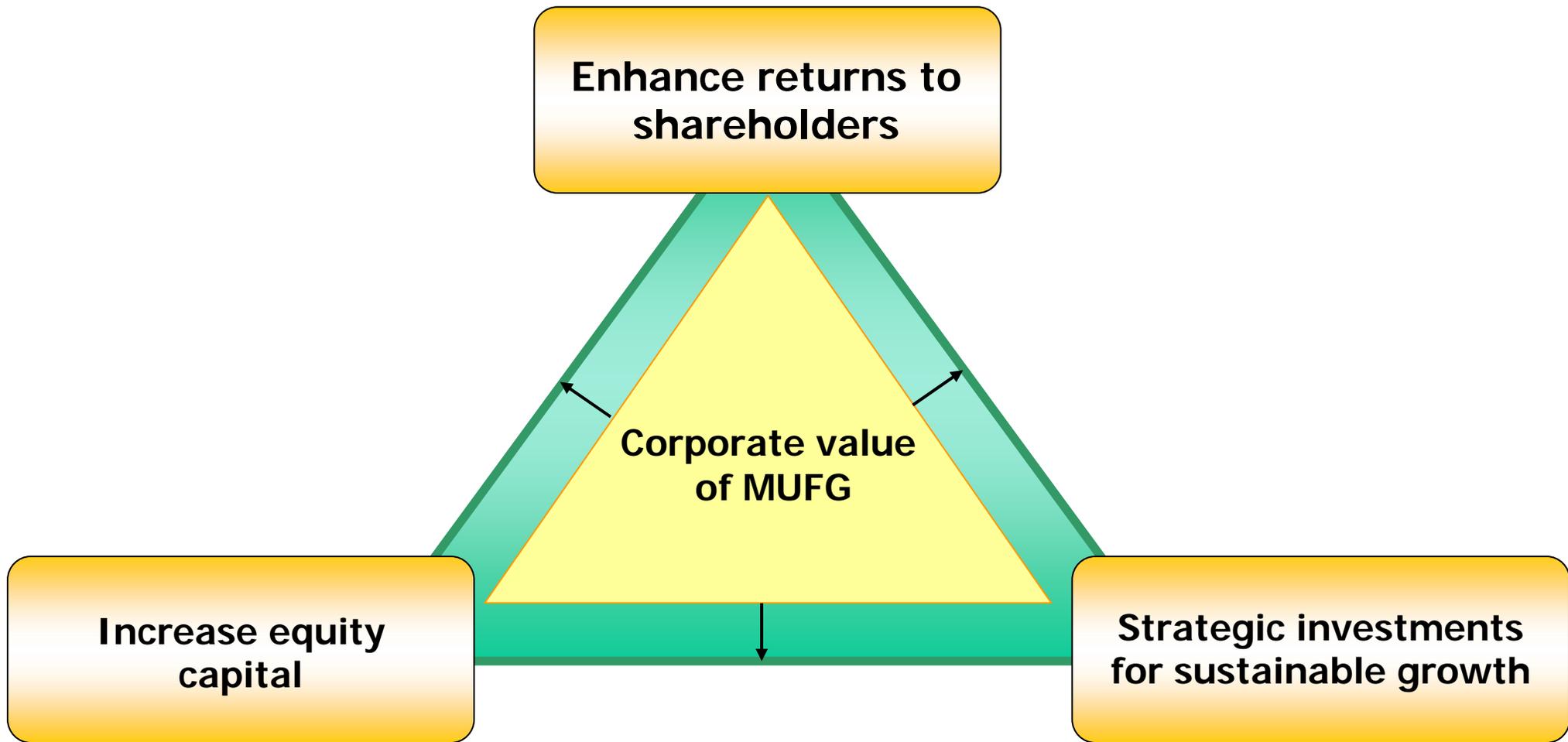


Direction of strategy/revenue drivers	Retail	Corporate	Trust Assets
<p>Interest revenue Improve spreads by shifting portfolio to Retail and SMEs</p>	<p>Revenue drivers</p> <ul style="list-style-type: none"> Consumer finance Housing loans 	<p>Revenue drivers</p> <ul style="list-style-type: none"> SME business Overseas (Asia) business Investment banking business 	<p>Revenue drivers</p>
<p>Non-interest revenue Increase non-interest income by active expansion of 'solutions' business</p>	<ul style="list-style-type: none"> Investment product sales Securities intermediation Testamentary trusts Real estate 	<ul style="list-style-type: none"> Settlement business Securities/real estate 	<ul style="list-style-type: none"> Pensions Investment trust mgt & administration Custody/Trust assets administration

Develop a balanced capital strategy



- Aim to maximize corporate value through an optimal capital policy, maintaining a balance between enhancing returns to shareholders, increasing equity capital and strategic investments



Further promote smooth integration



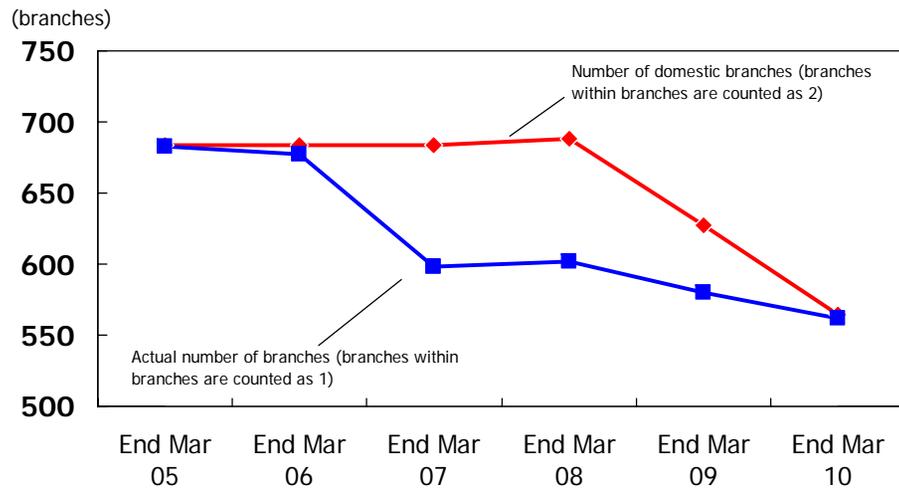
■ Early realization of synergy benefits

- Promote branch integration via the branch-within-branch system (aim to reduce around 80 branches during FY06)
- Reduce/relocate overlapping personnel, in particular back office personnel at headquarters
- Progress Day 2 integration as scheduled

■ Strengthen management to maintain soundness and growth characteristics as a very large financial group

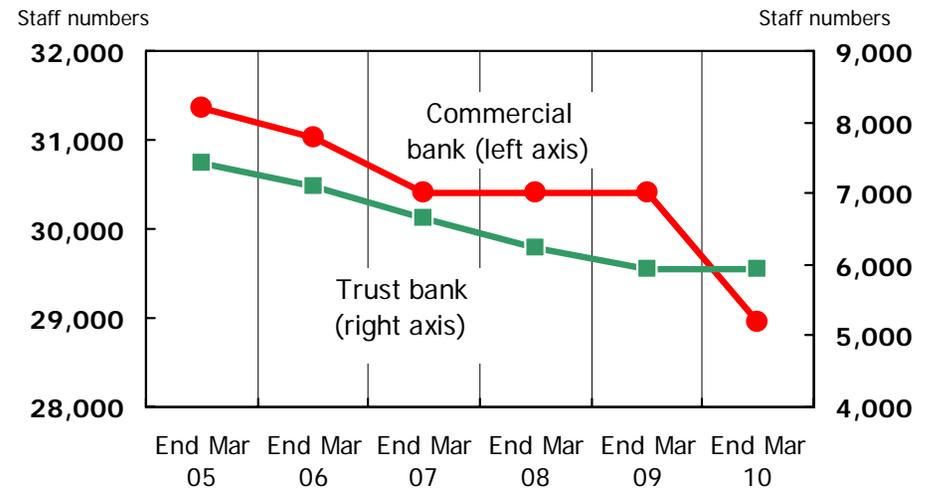
- Meeting SOX Article 404: Enhance internal controls over financial reporting
- Meeting Basel II: Detailed risk measurement, Advanced risk management
Plan to adopt FIRB method for credit risk, and TSA method for operational risk (from March 31, 2007)

Diagram displaying branch integration/closure targets



Note: Branch numbers are the sum of commercial and trust bank numbers.

Staffing plans (Bank, Trust bank)

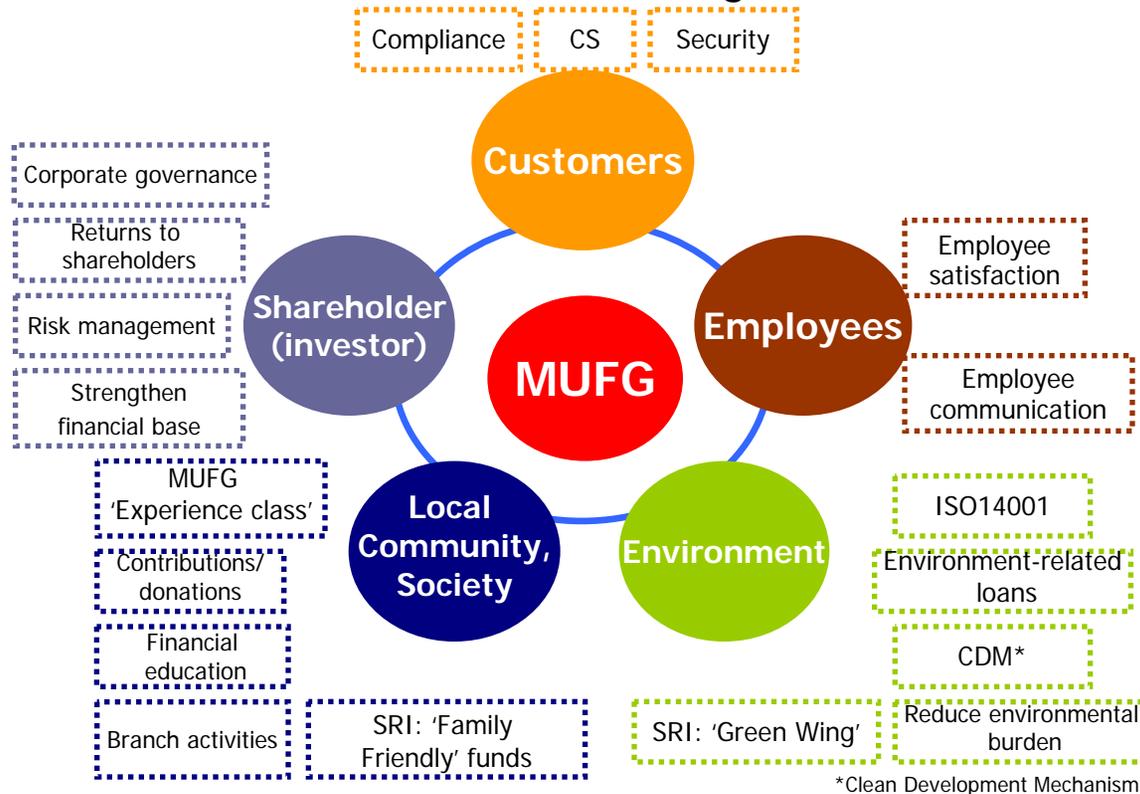


Activities to improve customer satisfaction (CS) and CSR management



- Business management that takes into consideration a broad range of stakeholders, including shareholders, customers, society and employees
- As part of CS improvements, return integration benefits to customers* by abolishing fees on money transfers between branches and between bank and trust bank * ATM card transactions, direct banking (excluding manned, non-automated transactions)

Management with an awareness of a broad range of stakeholders



Achievements in implementing CS improvements and CSR management

● CS improvement activities

- ✓ Received ISO 9001 quality certification for quality of customer service (Aug 2005, former BTM)
- ✓ Offered money transfer service free of charge on transfers between branches and bank/trust bank transfers (May 2006)

● CSR management commitments

- ✓ Signed UN Environment Program financial initiatives (May 2004)
- ✓ Former BTM received ISO14001 qualification (Apr 2005)
- ✓ The MUTB SRI Fund 'Family Friendly' was awarded the 2005 Annual Good Design by the Japan Industrial Design Promotion Organization (Oct 2005)
- ✓ Established CSR Committee within the holding company to promote CSR activities across the group (Feb 2006)
- ✓ Formulated the group environmental principles and policy (Mar 2006)
- ✓ MUTB signs UN SRI Principles
- ✓ Undertook environment-related loans (BTMU)
Loans executed FY2005 (Oct – Mar)
: Approx. ¥25.0 bn with over 20 loans

No. 1 Service

No. 1 Reliability

No. 1 Global Coverage