MITSUBISHI UFJ FINANCIAL GROUP INC
Form 6-K
May 20, 2008

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 6-K

**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of**

**the Securities Exchange Act of 1934**

**For the month of May, 2008**

# MITSUBISHI UFJ FINANCIAL GROUP, INC.

**(Translation of registrant s name into English)**

**7-1, Marunouchi 2-chome, Chiyoda-ku**

**Tokyo 100-8330, Japan**

**(Address of principal executive offices)**

**[Indicate by check mark whether the registrant files or**

**will file annual reports under cover Form 20-F or Form 40-F.]**

**Form 20-F __X__ Form 40-F ______**

**[Indicate by check mark whether the registrant by furnishing the information**

**contained in this Form is also thereby furnishing the information to the Commission**

**pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.]**

**Yes ______ No __X__**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 20, 2008

Mitsubishi UFJ Financial Group, Inc.

By: /S/ Ryutaro Kusama
Name: Ryutaro Kusama
Title: Chief Manager, General Affairs

Corporate Administration Division

May 20, 2008

**Consolidated Summary Report <under Japanese GAAP>**

for the fiscal year ended March 31, 2008

| | |
|---|---|
| Company name: | Mitsubishi UFJ Financial Group, Inc. |
| Stock exchange listings: | Tokyo, Osaka, Nagoya, New York |
| Code number: | 8306 |
| URL | http://www.mufg.jp/ |
| Representative: | Nobuo Kuroyanagi, President & CEO |
| For inquiry: | Takeaki Ishii, General Manager - Financial Planning Division / Financial Accounting Office<br>TEL (03) 3240-7200 |
| General meeting of shareholders: | June 27, 2008 |
| Dividend payment date: | June 27, 2008 |
| Securities report issuing date: | June 27, 2008 |
| Trading accounts: | Established |

**1. Consolidated financial data for the fiscal year ended March 31, 2008**

(Amounts of less than one million yen are rounded down.)

**(1) Results of Operations**

(% represents the change from the previous fiscal year)

| | Ordinary Income | | Ordinary Profits | | Net Income | |
|---|---|---|---|---|---|---|
| | million yen | % | million yen | % | million yen | % |
| Fiscal year ended | | | | | | |
| March 31, 2008 | 6,393,951 | 4.9 | 1,029,013 | (29.4) | 636,624 | (27.7) |
| March 31, 2007 | 6,094,033 | 41.9 | 1,457,080 | 35.2 | 880,997 | 14.3 |

| | Net Income per Common Share | Diluted Net Income per Common Share | Net Income to Net Assets Attributable to MUFG Shareholders | Ordinary Profits to Total Assets | Ordinary Profits to Ordinary Income |
|---|---|---|---|---|---|
| | yen | yen | % | % | % |
| Fiscal year ended | | | | | |
| March 31, 2008 | 61.00 | 60.63 | 8.0 | 0.5 | 16.1 |
| March 31, 2007 | 86,795.08 | 86,274.70 | 11.8 | 0.8 | 23.9 |

Income from investment in affiliates (Equity method)

Mar. 31, 2008: 13,042 million yen Mar. 31, 2007: (80,621) million yen

**(2) Financial Conditions**

| | Total Assets | Total Net Assets | Net Assets Attributable to MUFG Shareholders to Total Assets | Total Net Assets per Common Share | Risk-adjusted Capital Ratio (*1) |
|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| | million yen | million yen | % | yen | | % |
| As of | | | | | | |
| March 31, 2008 | 192,993,179 | 9,599,708 | 4.1 | 727.99 | (Preliminary) | 11.26 |
| March 31, 2007 | 187,281,022 | 10,523,700 | 4.5 | 801,320.41 | | 12.58 |

Shareholders equity as of

Mar. 31, 2008: 7,880,829 million yen Mar. 31, 2007: 8,520,265 million yen

(*1) Risk-adjusted Capital Ratio is computed in accordance with the Standards for Consolidated Capital Adequacy Ratio of Bank Holding Company under Article 52-25 of the Banking Law (the Notification of the Financial Services Agency No. 20, 2006).

**(3) Cash Flows**

| | Cash Flows from Operating Activities million yen | Cash Flows from Investing Activities million yen | Cash Flows from Financing Activities million yen | Cash and Cash Equivalents at the end of the period million yen |
|---|---|---|---|---|
| Fiscal year ended | | | | |
| March 31, 2008 | (2,412,284) | 4,030,119 | (322,563) | 4,222,222 |
| March 31, 2007 | (4,405,492) | 1,446,600 | (319,199) | 2,961,153 |

**2. Dividends on Common Stock (*2)**

| | Dividends per Common Share | | | | | |
|---|---|---|---|---|---|---|
| | Interim yen | Year-end yen | Annual yen | Total dividends (Annual) million yen | Dividend payout ratio (Consolidated) % | Dividend on net assets ratio (Consolidated) % |
| Fiscal year ended | | | | | | |
| March 31, 2007 | 5,000.00 | 6,000.00 | 11,000.00 | 111,812 | 12.7 | 1.5 |
| March 31, 2008 | 7.00 | 7.00 | 14.00 | 145,936 | 23.0 | 1.8 |
| March 31, 2009 (Forecast) | 7.00 | 7.00 | 14.00 | | 23.2 | |

(*2) The table shown above does not include dividends on stocks other than common stock. Please refer to page 3 for information with regard to the preferred stocks.

**3. Earnings Forecasts for the Fiscal Year ending March 31, 2009 (Consolidated)**

(% represents the change from the previous fiscal year)

| | Ordinary Income million yen | % | Ordinary Profits million yen | % | Net Income million yen | % | Net Income per Common Share yen |
|---|---|---|---|---|---|---|---|
| Six Months ending September 30, 2008 | 3,250,000 | (0.0) | 510,000 | 2.5 | 270,000 | 5.2 | 25.53 |
| Fiscal Year ending March 31, 2009 | 6,400,000 | 0.1 | 1,210,000 | 17.6 | 640,000 | 0.5 | 60.29 |

**4. Other**

**(1) Changes in scope of consolidation involving Specified Subsidiaries (Tokutei Kogaisya) during the period:**

Newly consolidated: 2 companies (MUFG Capital Finance 6 Limited and BTMU Preferred Capital 6 Limited )

(*) Please refer to Information on Mitsubishi UFJ Financial Group (MUFG Group) on page 8.

**(2) Changes in accounting policies during the period**

(A) There were changes due to revision of accounting standards.

(B) There were changes due to other reasons.

(*) Please refer to Changes in Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements on page 27.

**(3) Number of Common shares outstanding at the end of the period**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| (A) | Total outstanding including treasury shares: | Mar. 31, 2008 | 10,861,643,790 | shares | Mar. 31, 2007 | 10,861,643 | shares |
| (B) | Treasury shares: | Mar. 31, 2008 | 504,262,228 | shares | Mar. 31, 2007 | 654,002 | shares |

(*) Please refer to Per Share Information on page 44 for the number of shares used in computing net income per common share (consolidated).

(Reference) Non-consolidated financial data for the fiscal year ended March 31, 2008

**1. Non-consolidated financial data for the fiscal year ended March 31, 2008**

**(1) Results of Operations**

(% represents the change from the previous fiscal year)

| | Operating Income | | Operating Profits | | Ordinary Profits | | Net Income | |
|---|---|---|---|---|---|---|---|---|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2008 | 521,426 | 2.1 | 508,288 | 1.3 | 491,792 | 2.9 | 416,883 | (12.0) |
| March 31, 2007 | 510,809 | (50.7) | 501,728 | (51.1) | 478,035 | (52.3) | 473,893 | (53.2) |

| | Net Income per Common Share yen | Diluted Net Income per Common Share yen |
|---|---|---|
| Fiscal year ended | | |
| March 31, 2008 | 39.79 | 39.57 |
| March 31, 2007 | 46,415.96 | 46,189.46 |

**(2) Financial Conditions**

| | Total Assets million yen | Total Net Assets million yen | Net Assets Ratio % | Total Net Assets per Common Share yen |
|---|---|---|---|---|
| As of | | | | |
| March 31, 2008 | 7,820,998 | 6,757,021 | 86.4 | 619.11 |
| March 31, 2007 | 7,494,629 | 6,254,125 | 83.4 | 579,243.59 |

Shareholders equity as of
Mar. 31, 2008: 6,754,613 million yen Mar. 31, 2007: 6,254,125 million yen

**2. Earnings forecasts for the Fiscal Year ending March 31, 2009 (Non-consolidated)**

(% represents the change from the previous fiscal year)

| | Operating Income | | Ordinary Profits | | Net Income | | Net Income per Common Share |
|---|---|---|---|---|---|---|---|
| | million yen | % | million yen | % | million yen | % | yen |
| Six Months ending September 30, 2008 | 245,000 | 24.2 | 230,000 | 25.7 | 260,000 | 146.6 | 24.53 |
| Fiscal Year ending March 31, 2009 | 480,000 | (7.9) | 450,000 | (8.5) | 480,000 | 15.1 | 45.04 |

*Notes for using forecasted information etc.*

The forecasts for net income per common share are calculated based on forecasted average number of common shares outstanding for the corresponding fiscal periods.

This financial summary report and the accompanying financial highlights contain forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the forward-looking statements ). The forward-looking statements are made based upon, among other things, the company s current estimations, perceptions and evaluations. In addition, in order for the company to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, the statements and assumptions are inherently not guarantees of future performance and may result in inaccuracy from an objective point of view and in material differences from the actual result. For the main matters that may be currently forecast, please see Result of Operations and Financial Condition on page 4, the Annual Securities Report, Disclosure Book, Annual Report, and other current disclosures that the company has announced.

The financial information included in this financial summary report is prepared and presented in accordance with accounting principles generally accepted in Japan ( Japanese GAAP ).

Differences exist between Japanese GAAP and the accounting principles generally accepted in the United States ( U.S. GAAP ) in certain material respects. Such differences have resulted in the past, and is expect to continue to result for this period and future periods, in amounts for certain financial statement line items under U.S. GAAP to differ significantly from the amounts under Japanese GAAP. For example, differences in consolidation basis or accounting for business combinations, including but not limited to amortization and impairment of goodwill, could result in significant differences in our reported financial results between Japanese GAAP and U.S. GAAP. Readers should consult their own professional advisors for an understanding of the differences between Japanese GAAP and U.S. GAAP and how those differences might affect our reported financial results. We will publish our U.S. GAAP financial results in a separate disclosure document when such information becomes available.

(Dividends relating to Preferred Stocks)

Dividend per share and total dividends relating to preferred stocks are as follows:

| | Dividend per Share | | | Total |
|---|---|---|---|---|
| | Interim yen | Year-end yen | Annual yen | Total dividend million yen |
| Preferred Stock First Series of Class 3 | | | | |
| Fiscal year ended March 31, 2007 | 30,000.00 | 30,000.00 | 60,000.00 | 6,000 |
| Fiscal year ended March 31, 2008 | 30.00 | 30.00 | 60.00 | 6,000 |
| Fiscal year ending March 31, 2009 (Forecast) | 30.00 | 30.00 | 60.00 | |

| | Dividend per Share | | | Total |
|---|---|---|---|---|
| | Interim yen | Year-end yen | Annual yen | Total dividend million yen |
| Preferred Stock Class 8 | | | | |
| Fiscal year ended March 31, 2007 | 7,950.00 | 7,950.00 | 15,900.00 | 281 |
| Fiscal year ended March 31, 2008 | 7.95 | 7.95 | 15.90 | 281 |
| Fiscal year ending March 31, 2009 (Forecast) | 7.95 | 7.95 | 15.90 | |

| | Dividend per Share | | | Total |
|---|---|---|---|---|
| | Interim yen | Year-end yen | Annual yen | Total dividend million yen |
| Preferred Stock Class 11 | | | | |
| Fiscal year ended March 31, 2007 | 2,650.00 | 2,650.00 | 5,300.00 | 0 |
| Fiscal year ended March 31, 2008 | 2.65 | 2.65 | 5.30 | 0 |
| Fiscal year ending March 31, 2009 (Forecast) | 2.65 | 2.65 | 5.30 | |

| | Dividend per Share | | | Total |
|---|---|---|---|---|
| | Interim yen | Year-end yen | Annual yen | Total dividend million yen |
| Preferred Stock Class 12 | | | | |
| Fiscal year ended March 31, 2007 | 5,750.00 | 5,750.00 | 11,500.00 | 844 |
| Fiscal year ended March 31, 2008 | 5.75 | 5.75 | 11.50 | 387 |
| Fiscal year ending March 31, 2009 (Forecast) | 5.75 | 5.75 | 11.50 | |

(Adjustments related to stock split effective on September 30, 2007)

A 1,000 for 1 stock split became effective on September 30, 2007. Adjusted dividends per share and per share information for the FYE March 31, 2007 on the assumption that the stock split had been effective as of April 1, 2006 are as follows:

| | Dividends per Share for FYE March 31, 2007 | | |
|---|---|---|---|
| | Interim yen | Year-end yen | Annual yen |
| Common Stock | 5.00 | 6.00 | 11.00 |
| Preferred Stock First Series of Class 3 | 30.00 | 30.00 | 60.00 |
| Preferred Stock Class 8 | 7.95 | 7.95 | 15.90 |
| Preferred Stock Class 11 | 2.65 | 2.65 | 5.30 |
| Preferred Stock Class 12 | 5.75 | 5.75 | 11.50 |

| | Net Income per Common Share yen | Diluted Net Income per Common Share yen | Total Net Assets per Common Share yen |
|---|---|---|---|
| Consolidated | | | |
| Fiscal year ended March 31, 2007 | 86.80 | 86.27 | 801.32 |

| | Net Income per Common Share yen | Diluted Net Income per Common Share yen | Total Net Assets per Common Share yen |
|---|---|---|---|
| Non-consolidated | | | |
| Fiscal year ended March 31, 2007 | 46.42 | 46.19 | 579.24 |

## 1. Result of Operations and Financial Condition

### (1) Result of operations

With respect to the economic and financial environment for the fiscal year ended March 31, 2008, uncertainty about the outlook for overseas economy, especially the United States economy, rapidly increased. The U.S. economy has further decelerated since the beginning of this year due to a turmoil in the financial markets triggered by the collapse of the housing bubble and the subprime crisis, while European economy has shown clear signs of slowdown. In contrast, economies of the emerging countries such as Chinese economy sustained high growth. In the meanwhile, the Japanese economy showed a moderate slowdown underpinned by its continuous strong exports to emerging countries. However, private consumption grew at a sluggish pace due to weakness of wage growth. Towards the end of the fiscal year, business confidence rapidly worsened and uncertainty about corporate performance downturn increased because of a slowdown of overseas economy as well as a steep rise of raw materials and fuel prices. The rate of increase in consumer price index was accelerated towards the end of the fiscal year mainly due to the soaring oil prices.

Looking at the financial environment, the U.S. federal funds target rate has been lowered by 3.0 percent to 2.25 percent in total since last fall in response to the subprime crisis, and on the other hand, the European Central Bank kept its key interest rate unchanged at 4.0 percent due to the strong concern about inflation in Europe. The Bank of Japan also kept its uncollateralized overnight call rate target unchanged at 0.5 percent. Although Long-term interest rates rose last summer, they have been in a downward trend with some fluctuations. In the foreign exchange market, the yen rapidly appreciated against the dollar reflecting concerns over the slowdown of the U.S. economy and expectations for interest rate cuts caused by the subprime crisis.

Under such business environment, Consolidated ordinary profits for the fiscal year ended March 31, 2008 decreased by ¥428.0 billion from the previous fiscal year to ¥1,029.0 billion. Consolidated net income for the fiscal year ended March 31, 2008 decreased by ¥244.3 billion from the previous fiscal year to ¥636.6 billion.

Consolidated ordinary profits by business segment consist of ¥781.8 billion from the banking segment, ¥188.6 billion from the trust banking segment, ¥18.1 billion from the securities segment and ordinary losses of ¥13.7 billion from the credit card segment. Ordinary profits by geographic segment consist of ¥719.4 billion from Japan, ¥133.7 billion from North America, ¥24.2 billion from Europe and the Middle East, ¥66.4 billion from Asia and Oceania excluding Japan, and ¥53.0 billion from Latin America.

Mitsubishi UFJ Financial Group, Inc. (MUFG) has the following earning forecasts for the fiscal year ending March 31, 2009.

| Consolidated ordinary income | Consolidated ordinary profits | Consolidated net income |
|---|---|---|
| ¥6,400.0 billion | ¥1,210.0 billion | ¥640.0 billion |

(Reference) Forecasted earnings per common share (on a consolidated basis): ¥60.29

The combined Net income forecasts of The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Trust and Banking Corporation on a stand-alone basis are ¥550.0 billion. The following table shows core assumptions of economic environment for the earnings forecasts.

| | Fiscal Year 2008 |
|---|---|
| Uncollateral Call Rate (yearly average) | 0.5% |
| 10 Year Japanese Government Bond (yearly average) | 1.6% |
| Yen/U.S. Dollar Rate (at March 31, 2009) | 105 Yen |

**(2) Financial condition**

Total assets as of March 31, 2008 increased by ¥5,712.1 billion from March 31, 2007 to ¥192,993.1 billion, and Total net assets as of March 31, 2008 decreased by ¥923.9 billion from March 31, 2007 to ¥9,599.7 billion. With regards to major factors affecting the change in Total net assets, Net unrealized gains (losses) on other securities decreased by ¥1,459.4 billion, and Minority interests decreased by ¥287.0 billion mainly due to the privatization of Mitsubishi UFJ Securities as a wholly-owned subsidiary of MUFG, while Retained earnings increased by ¥490.7 billion and Treasury stock decreased by ¥275.4 billion mainly due to the same reason.

With regards to major items of Total assets, Loans and bills discounted as of March 31, 2008 increased by ¥3,706.8 billion from March 31, 2007 to ¥88,538.8 billion mainly due to increase in lending volume at overseas offices. Investment securities as of March 31, 2008 decreased by ¥7,355.9 billion from March 31, 2007 to ¥40,851.6 billion mainly due to a decrease of Japanese Government Bond outstanding, and a deterioration of stock prices in domestic stock markets.

For the fiscal year ended March 31, 2008, Net cash used in operating activities was ¥2,412.2 billion, Net cash provided by investing activities was ¥4,030.1 billion and Net cash used in financing activities was ¥322.5 billion. As a result, the balance of Cash and cash equivalents as of March 31, 2008 was ¥4,222.2 billion.

The consolidated risk-adjusted capital ratio based on the Basel 2 Standards as of March 31, 2008 was 11.26% (on a preliminary basis), a decrease of 1.32% from March 31, 2007. The following table shows our consolidated risk-adjusted capital ratio as of March 31, 2007, September 30, 2007 and March 31, 2008.

(in billions of yen)

| | As of March 31, 2007 | As of September 30, 2007 | As of March 31, 2008 (Preliminary basis) |
|---|---|---|---|
| Tier 1 capital | 8,054.8 | 8,230.7 | 8,294.2 |
| Qualified Tier 2 capital | 5,718.2 | 5,644.6 | 4,441.8 |
| Qualified Tier 3 capital | | | |
| Deductions from total qualifying capital | 423.9 | 415.9 | 517.0 |
| Net qualifying capital | 13,349.1 | 13,459.5 | 12,218.9 |
| Risk-adjusted assets | 106,048.2 | 106,396.2 | 108,447.8 |
| Risk-adjusted capital ratio | 12.58% | 12.65% | 11.26% |

The consolidated risk-adjusted capital ratio is computed in accordance with the Notification of the Financial Services Agency No.20, 2006.

**(3) Basic policy regarding profit distribution and dividends for fiscal year 2007 and 2008**

MUFG considers the return of earnings to shareholders to be one of the most important management priorities and makes it a basic policy to make efforts to continuously increase dividends while sustaining corporate value growth and further strengthening its corporate financial standing. MUFG will continuously aim to maintain the dividend ratio to the consolidated net income at more than 20% in future, after comprehensive consideration of its business performance and the environment for strategic investment, etc.

Based on this policy, MUFG, with respect to the year-end dividends for common stock for fiscal year 2007, plans to pay ¥7 per share. In this case, the dividends for fiscal year 2007, including the interim dividend of ¥7, will total ¥14 per share, which is an increase of ¥3 from the total dividend of ¥11 (after taking into consideration the stock split effective as of September 30, 2007 by which 1 share of common stock was split into 1,000 shares of common stock) paid for the previous fiscal year. With respect to the year-end dividends for preferred stock for fiscal year 2007, MUFG plans to pay: for the first series of class 3 preferred stock, the prescribed amount of ¥30 per share (which, together with the interim dividend, shall result in a total of ¥60 per share for the fiscal year); for class 8 preferred stock, the prescribed amount of ¥7.95 per share (which, together with the interim dividend, shall result in a total of ¥15.90 per share for the fiscal year); for class 11 preferred stock, the prescribed amount of ¥2.65 per share (which, together with the interim dividend, shall result in a total of ¥5.30 per share for the fiscal year); and for class 12 preferred stock, the prescribed amount of ¥5.75 per share (which, together with the interim dividend, shall result in a total of ¥11.50 per share for the fiscal year).

Based on this policy, the annual dividend forecasts for common stock for fiscal year 2008 is ¥14 per share. The annual dividend forecasts for preferred stock for fiscal year 2008 are the above-mentioned prescribed amounts respectively, for each class of preferred stock.

**(4) Risks relating to the business etc.**

Our business and results of operations may be materially affected by a wide range of reasons, including the following factors (which may include information believed to be material to investors):

Risks relating to the integration of our operation (in particular, risks relating to integration of our systems);

Risks relating to the establishment of internal controls;

Risks relating to our capital ratio;

Changes in interest rates in Japan or elsewhere in the world;

Risks relating to our consumer lending business;

Risks relating to our lending business;

Possible negative effects to our equity portfolio;

Risks relating to trading and investment activities;

Risks relating to the deterioration of our funding capacity following downgrade of our credit ratings;

Failure to achieve certain business plans or operating targets;

Risks accompanying the expansion of our operation and the range of products and services;

Risks relating to the integration and reorganization of our subsidiaries and affiliates;

Decline in the results of operations and financial conditions of our subsidiaries;

Deterioration of economic conditions in Japan or elsewhere in the world (in Asian, Latin American and other countries);

Fluctuations in foreign currency exchange rates;

- Risks relating to the increase of our pension obligations;
- Events that obligate us to compensate for losses in loan trusts and jointly operated designated money in trusts;
- Risks relating to regulatory developments or changes in laws, rules, including accounting rules, governmental policies and economic controls;
- Potential claims or sanctions regarding unfair or inappropriate practices etc. from regulatory authorities and customers;
- Disruption or impairment of our business or operations due to external circumstances or events (such as the destruction or impairment of our business sites and terrorist attacks);
- Risks relating to our capabilities to protect confidential information;
- Risks relating to transaction with counterparties in countries designated as state sponsors of terrorism;
- Increase in competitive pressures;
- Risks inherent in the holding company structure;
- Decline of our stock price; and
- Risks relating to the U.S. subprime mortgages problem.

For a detailed discussion of these risk factors and other risks, uncertainties, possible changes and others, please see our most recent publicly announced information including the latest Annual Report.

**2. Information on Mitsubishi UFJ Financial Group (MUFG Group)**

MUFG Group comprises the holding company, 242 subsidiaries (of which 242 are consolidated), as well as 44 affiliates (of which 43 are equity-method accounted affiliates, and 1 is a non-equity-method accounted affiliate). The Group is engaged primarily in the banking business and also conducts trust banking business, securities business, credit card business, leasing business and other businesses. The following is a chart representing the overall organization of MUFG and its main related companies according to business type:

The holding company and its important related companies as shown in the above chart of business relationship are classified according to business segment as follows. Regarding MUFG s equity-accounted affiliates, those in respect of which a significant influence is exerted on their decision making regarding finance, operations or business policy are classified in the relevant segment.

| | |
|---|---|
| Banking: | The Bank of Tokyo-Mitsubishi UFJ, Ltd. / The Senshu Bank, Ltd. / The Chukyo Bank, Ltd. / The Gifu Bank, Ltd. / Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd. / BOT Lease Co., Ltd. / Mitsubishi UFJ Factors Limited / MU Frontier Servicer Co., Ltd. / Mitsubishi UFJ Asset Management Co., Ltd. / Mitsubishi UFJ Reserch & Consulting Co., Ltd. / Mobit Co., Ltd. / JACCS CO., Ltd. / UnionBanCal Corporation / Mitsubishi UFJ Wealth Management Bank (Switzerland), Ltd. / PT. Bank Nusantara Parahyangan Tbk. / PT U Finance Indonesia |
| Trust Banking: | Mitsubishi UFJ Trust and Banking Corporation / The Master Trust Bank of Japan, Ltd. / Mitsubishi UFJ Global Custody S.A. / Mitsubishi UFJ Trust & Banking Corporation (U.S.A.) |
| Securities: | Mitsubishi UFJ Securities Co., Ltd. / kabu.com Securities Co., Ltd. / KOKUSAI Asset Management Co., Ltd. / Mitsubishi UFJ Securities International plc / Mitsubishi UFJ Securities (USA), Inc. / Mitsubishi UFJ Trust International Limited / Mitsubishi UFJ Securities (HK) Holdings, Limited |
| Credit Card: | Mitsubishi UFJ NICOS Co., Ltd. |
| Other: | NBL Co., Ltd. / Mitsubishi UFJ Lease & Finance Co., Ltd. / Mitsubishi UFJ Capital Co., Ltd. / MU Investments Co., Ltd. / Mitsubishi UFJ Real Estate Services Co., Ltd. / ACOM CO., Ltd. / Mitsubishi Research Institute DCS Co., Ltd. / BTMU Capital Corporation / BTMU Leasing & Finance, Inc. / PT. BTMU-BRI Finance |

Changes in significant subsidiaries (changes in scope of consolidation involving Specified Subsidiaries (Tokutei Kogaisha)) during the period

The following Specified Subsidiaries were newly consolidated during the period.

| Name | Location | Stated Capital | Primary Business | Ownership |
|---|---|---|---|---|
| MUFG Capital Finance 6 Limited | George Town, Grand Cayman, Cayman Islands | ¥ 150,000 million | Finance | 100% |
| BTMU Preferred Capital 6 Limited | George Town, Grand Cayman, Cayman Islands | ¥ 150,006 million | Finance | 100% (100%) |

Note 1. Both of these Specified Subsidiaries are overseas special purpose companies established for issuance of Non-dilutive Preferred Securities.

2. The bracketed number in Ownership means MUFG s indirect ownership share through subsidiaries.

In order to meet the diverse financial needs of its customers, MUFG Group has created a unified organizational structure that transcends business boundaries in order to provide financial products to its customers as an integrated group. In collaboration with each group company, MUFG Group pursues its operations under an integrated business group system based on three customer-facing integrated business groups within the holding company Retail, Corporate and Trust Assets.

## 3. Management Policy

### (1) Principal management policy

The Group s management philosophy serves as the basic policy in conducting its business activities, and provides guidelines for all group activities.

The Group s management philosophy will also be the foundation for management decisions, including the formulation of management strategies and management plans, and will serve as the core values for all employees.

The details of the Group management philosophy are set forth below. MUFG Group s holding company, commercial banks, trust banks and securities companies have adopted the Group s management philosophy as their own respective management philosophy, and the entire Group will strive to comply with this philosophy.

**Group s Management Philosophy**

1. We will respond promptly and accurately to the diverse needs of our customers around the world and seek to inspire their trust and confidence.

2. We will offer innovative and high-quality financial services by actively pursuing the cultivation of new business areas and developing new technologies.

3. We will comply strictly with all laws and regulations and conduct our business in a fair and transparent manner to gain the public s trust and confidence.

4. We will seek to inspire the trust of our shareholders by enhancing corporate value through continuous business development and appropriate risk management, and by disclosing corporate information in a timely and appropriate manner.

5. We will contribute to progress toward a sustainable society by assisting with development in the areas in which we operate and conducting our business activities with consideration for the environment.

6. We will provide the opportunities and work environment necessary for all employees to enhance their expertise and make full use of their abilities.

**(2) Medium- and long-term management strategy**

MUFG Group is a fully-fledged comprehensive financial group comprising commercial banks, trust banks, and securities companies, as well as credit card companies, leasing companies, consumer finance companies, investment trust companies and a U.S. bank (Union Bank of California). MUFG Group aims to unify these Group companies to deliver top quality products and services that meet diverse customer needs. We aim to be No. 1 in service, No.1 in reliability, and No.1 in global coverage and so gain the strong support of customers and society as a premier, comprehensive, global financial group.

**No.1 in Service**

MUFG Group will leverage its strengths as a comprehensive financial group to provide to its customers with an outstanding level of high-quality service that is matched to their individual needs.

MUFG Group will fully utilize the integrated business group system comprising our three core business groups Retail, Corporate and Trust Assets (asset management and asset administration) and meet diverse customer needs rapidly and accurately as a unified group that transcends business boundaries.

**No.1 in Reliability**

MUFG Group aims to be a truly reliable financial group and will strive to further enhance its financial health, implement thorough legal and other compliance and strengthen internal controls. Moreover, we will fulfill our responsibilities to society through enhancing customer satisfaction (CS), and pursuing CSR activities that contribute to society and to environmental conservation.

**No.1 in Global Coverage**

MUFG Group aims to use its Group strengths to the maximum, leveraging the leading global network amongst Japanese banks and talented staff well-versed in the business of each country to swiftly and precisely meet the requirements of customers globally.

**(3) Key issues**

In our aim to become a premier, comprehensive, global financial group strongly supported by customers and society, MUFG Group will focus on the following key issues.

(1) Completion of transfer to new systems

MUFG Group fully recognizes the important social responsibility it must fulfill with regard to transferring to the new systems at its Group companies, and the major impact this will have on its services to customers and the financial system, and we have devoted our efforts to preparing for a safe and reliable systems transfer.

In May 2008, transfer to the new systems was completed at all branches of Mitsubishi UFJ Trust and Banking, and within the Bank of Tokyo-Mitsubishi UFJ transfer to the new systems was also completed at former Bank of Tokyo-Mitsubishi branches. Changeover to the new system is scheduled to be carried out sequentially at former branches of UFJ Bank between July and December 2008. In our preparations we are giving careful consideration to the systems error that occurred in May 2008 at the Bank of Tokyo-Mitsubishi UFJ, and taking every possible measure to ensure a stable systems transfer.

(2) Pursuit of growth strategies

MUFG Group positions Retail, Corporate and Trust Assets as its three core businesses, and is developing its growth strategies with a focus on these areas. We are allocating business resources particularly to the Retail business, in which further market growth is expected. In the Corporate business, we are using the opportunity of Mitsubishi UFJ Securities becoming a wholly owned subsidiary at the end of September 2007 to further strengthen ties between the bank and the securities company and enable us to provide more advanced services. Furthermore, we will strive to expand our earnings base by pursuing a strategy that includes making investments and alliances, focusing particularly on Asia, where continued growth is expected.

Our capital policy for supporting our growth strategies is to raise the value of MUFG by achieving a balance between using capital to strengthen profitability and ensure growth, increasing equity capital, and enhancing returns to shareholders. For equity capital we are aiming to maintain an equity capital ratio of 12% (11.26% at end of the current fiscal year) and targeting a Tier 1 ratio of 8% (7.64% at end of the current fiscal year). With regard to returns to shareholders, we will strive to increase dividends in a sustainable manner, and we will also continue working to increase the dividend payout ratio to more than 20% of consolidated net income.

(3) Strengthening the internal control framework

MUFG Group is fully aware of the highly public nature of financial institutions, and in the future will endeavor to further reinforce and enhance our frameworks, aiming to strengthen compliance.

(4) Promoting CSR and strengthening the brand

MUFG Group will pursue various initiatives in order to be valued by customers as a trustworthy Group that provides high-quality services, and will strive to build the MUFG brand by steadfastly fulfilling its corporate social responsibilities (CSR).

Mitsubishi UFJ Financial Group, Inc.

## 4. Consolidated Financial Statements

### Consolidated Balance Sheets

| (in millions of yen) | **As of March 31, 2008 (A)** | As of March 31, 2007 (B) | Increase (Decrease) (A) - (B) |
|---|---|---|---|
| Assets: | | | |
| Cash and due from banks | **10,281,603** | 8,760,240 | 1,521,362 |
| Call loans and bills bought | **1,293,705** | 1,897,554 | (603,849) |
| Receivables under resale agreements | **7,099,711** | 4,173,178 | 2,926,533 |
| Receivables under securities borrowing transactions | **8,240,482** | 6,700,434 | 1,540,048 |
| Commercial paper and other debt purchased | **4,593,198** | 4,241,859 | 351,338 |
| Trading assets | **11,898,762** | 9,577,974 | 2,320,787 |
| Money held in trust | **401,448** | 368,972 | 32,476 |
| Investment securities | **40,851,677** | 48,207,623 | (7,355,946) |
| Allowance for losses on investment securities | **(30,166)** | (26,150) | (4,015) |
| Loans and bills discounted | **88,538,810** | 84,831,949 | 3,706,861 |
| Foreign exchanges | **1,241,656** | 1,353,848 | (112,192) |
| Other assets | **5,666,981** | 4,714,204 | 952,776 |
| Tangible fixed assets | **1,594,214** | 1,697,105 | (102,891) |
| Buildings | **364,819** | 394,791 | (29,972) |
| Land | **775,670** | 784,883 | (9,213) |
| Construction in progress | **6,533** | 12,248 | (5,715) |
| Other tangible fixed assets | **447,192** | 505,181 | (57,989) |
| Intangible fixed assets | **975,043** | 741,705 | 233,338 |
| Software | **372,536** | 362,026 | 10,510 |
| Goodwill | **336,240** | 206,020 | 130,220 |
| Other intangible fixed assets | **266,265** | 173,658 | 92,607 |
| Deferred tax assets | **773,688** | 259,144 | 514,543 |
| Customers liabilities for acceptances and guarantees | **10,652,865** | 10,966,811 | (313,946) |
| Allowance for credit losses | **(1,080,502)** | (1,185,432) | 104,930 |
| Total assets | **192,993,179** | 187,281,022 | 5,712,157 |
| Liabilities: | | | |
| Deposits | **121,307,300** | 118,708,663 | 2,598,636 |
| Negotiable certificates of deposit | **7,319,321** | 7,083,233 | 236,088 |
| Call money and bills sold | **2,286,382** | 2,546,243 | (259,861) |
| Payables under repurchase agreements | **10,490,735** | 8,214,875 | 2,275,860 |
| Payables under securities lending transactions | **5,897,051** | 5,135,235 | 761,816 |
| Commercial paper | **349,355** | 607,902 | (258,547) |
| Trading liabilities | **5,944,552** | 4,299,018 | 1,645,534 |
| Borrowed money | **5,050,000** | 4,810,735 | 239,265 |
| Foreign exchanges | **972,113** | 1,001,763 | (29,650) |
| Short-term corporate bonds | **417,200** | 326,000 | 91,200 |
| Bonds and notes | **6,285,566** | 6,505,572 | (220,005) |
| Bonds with warrants | | 49,656 | (49,656) |
| Due to trust accounts | **1,462,822** | 1,542,448 | (79,626) |
| Other liabilities | **4,388,814** | 4,326,742 | 62,072 |
| Reserve for bonuses | **49,798** | 53,427 | (3,628) |
| Reserve for bonuses to directors | **434** | 363 | 70 |

| | | | |
|---|---|---|---|
| Reserve for retirement benefits | **64,771** | 66,524 | (1,752) |
| Reserve for retirement benefits to directors | **2,100** | | 2,100 |
| Reserve for loyalty award credits | **8,079** | | 8,079 |
| Reserve for contingent losses | **133,110** | 116,249 | 16,861 |
| Reserve for losses related to business restructuring | **22,865** | | 22,865 |
| Reserves under special laws | **4,639** | 2,316 | 2,323 |
| Deferred tax liabilities | **84,185** | 187,755 | (103,569) |
| Deferred tax liabilities for land revaluation | **199,402** | 205,782 | (6,379) |
| Acceptances and guarantees | **10,652,865** | 10,966,811 | (313,946) |
| Total liabilities | **183,393,470** | 176,757,322 | 6,636,148 |
| Net assets: | | | |
| Capital stock | **1,383,052** | 1,383,052 | |
| Capital surplus | **1,865,696** | 1,916,300 | (50,604) |
| Retained earnings | **4,592,960** | 4,102,199 | 490,760 |
| Treasury stock | **(726,001)** | (1,001,470) | 275,469 |
| Total shareholders equity | **7,115,707** | 6,400,081 | 715,625 |
| Net unrealized gains (losses) on other securities | **595,352** | 2,054,813 | (1,459,461) |
| Net deferred gains (losses) on hedging instruments | **79,043** | (56,429) | 135,472 |
| Land revaluation excess | **143,292** | 148,281 | (4,989) |
| Foreign currency translation adjustments | **(52,566)** | (26,483) | (26,082) |
| Total valuation and translation adjustments | **765,121** | 2,120,183 | (1,355,061) |
| Subscription rights to shares | **2,509** | 0 | 2,508 |
| Minority interests | **1,716,370** | 2,003,434 | (287,064) |
| Total net assets | **9,599,708** | 10,523,700 | (923,991) |
| Total liabilities and net assets | **192,993,179** | 187,281,022 | 5,712,157 |

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**Consolidated Statements of Income**

| (in millions of yen) | **For the fiscal year ended March 31, 2008 (A)** | For the fiscal year ended March 31, 2007 (B) | Increase (Decrease) (A) - (B) |
|---|---|---|---|
| Total ordinary income | **6,393,951** | 6,094,033 | 299,918 |
| Interest income | **3,867,924** | 3,514,976 | 352,948 |
| Interest on loans and bills discounted | **2,302,324** | 2,123,825 | 178,499 |
| Interest and dividends on securities | **785,581** | 778,295 | 7,286 |
| Interest on call loans and bills bought | **21,514** | 25,960 | (4,446) |
| Interest on receivables under resale agreements | **218,139** | 120,407 | 97,731 |
| Interest on receivables under securities borrowing transactions | **58,130** | 20,808 | 37,321 |
| Interest on deposits | **231,068** | 256,147 | (25,079) |
| Other interest income | **251,165** | 189,530 | 61,634 |
| Trust fees | **151,720** | 152,945 | (1,224) |
| Fees and commissions | **1,249,480** | 1,330,617 | (81,136) |
| Trading income | **365,315** | 315,042 | 50,272 |
| Other business income | **319,530** | 331,646 | (12,115) |
| Other ordinary income | **439,980** | 448,805 | (8,825) |
| Total ordinary expenses | **5,364,938** | 4,636,953 | 727,985 |
| Interest expenses | **2,027,879** | 1,613,422 | 414,457 |
| Interest on deposits | **881,483** | 732,883 | 148,599 |
| Interest on negotiable certificates of deposit | **148,124** | 105,824 | 42,299 |
| Interest on call money and bills sold | **40,829** | 29,217 | 11,612 |
| Interest on payables under repurchase agreements | **338,068** | 213,211 | 124,857 |
| Interest on payables under securities lending transactions | **56,270** | 49,730 | 6,540 |
| Interest on commercial paper | **16,047** | 14,666 | 1,380 |
| Interest on borrowed money | **80,742** | 66,439 | 14,302 |
| Interest on short-term corporate bonds | **3,016** | 1,458 | 1,558 |
| Interest on bonds and notes | **178,121** | 165,253 | 12,868 |
| Interest on bonds with warrants | **8** | 57 | (48) |
| Other interest expenses | **285,167** | 234,680 | 50,487 |
| Fees and commissions | **175,921** | 171,993 | 3,928 |
| Other business expenses | **239,540** | 136,050 | 103,489 |
| General and administrative expenses | **2,157,843** | 2,111,754 | 46,089 |
| Other ordinary expenses | **763,753** | 603,732 | 160,020 |
| Provision for allowance for credit losses | **28,789** | | 28,789 |
| Others | **734,963** | 603,732 | 131,231 |
| Ordinary profits | **1,029,013** | 1,457,080 | (428,066) |
| Extraordinary gains | **110,399** | 132,123 | (21,724) |
| Gains on disposition of fixed assets | **34,532** | 11,008 | 23,524 |
| Reversal of allowance for credit losses | | 9,337 | (9,337) |
| Gains on loans written-off | **39,875** | 111,229 | (71,354) |
| Gains on sales of equity securities of subsidiaries | **16,075** | | 16,075 |
| Gains on business divestitures of subsidiaries | **10,810** | | 10,810 |
| Gains on changes in subsidiaries equity | **6,985** | | 6,985 |
| Reversal of reserve for contingent losses | **2,120** | | 2,120 |

| | | | |
|---|---|---|---|
| Other extraordinary gains | | 549 | (549) |
| Extraordinary losses | **118,533** | 80,473 | 38,060 |
| Losses on disposition of fixed assets | **15,142** | 21,044 | (5,902) |
| Losses on impairment of fixed assets | **14,719** | 18,641 | (3,921) |
| Provision for reserve for contingent liabilities from financial instruments transactions | **752** | | 752 |
| Provision for reserve for contingent liabilities from securities transactions | | 257 | (257) |
| Provision for reserve for losses related to business restructuring | **64,049** | | 64,049 |
| Prior year adjustments | **23,869** | | 23,869 |
| Provision for reserve for contingent losses | | 40,530 | (40,530) |
| Income before income taxes and others | **1,020,879** | 1,508,730 | (487,851) |
| Income taxes-current | **100,129** | 115,091 | (14,961) |
| Income taxes-deferred | **201,091** | 413,731 | (212,640) |
| Minority interests | **83,034** | 98,910 | (15,876) |
| Net income | **636,624** | 880,997 | (244,372) |

**Consolidated Statement of Changes in Net Assets**

**(For the fiscal year ended March 31, 2008)**

(in millions of y

| | Shareholders equity | | | | | Valuation and translation adjustments | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders equity | Net unrealized gains (losses) on other securities | Net deferred gains (losses) on hedging instruments | Land revaluation excess | Foreign currency translation adjustments | Total valuation and translation adjustments | Subscription rights to shares | Minority interests | Tota net ass |
| nces as arch 31, | 1,383,052 | 1,916,300 | 4,102,199 | (1,001,470) | 6,400,081 | 2,054,813 | (56,429) | 148,281 | (26,483) | 2,120,183 | 0 | 2,003,434 | 10,523, |
| nges g the od | | | | | | | | | | | | | |
| dends retained ngs | | | (141,327) | | (141,327) | | | | | | | | (141, |
| ncome | | | 636,624 | | 636,624 | | | | | | | | 636, |
| uisition easury t | | | | (152,052) | (152,052) | | | | | | | | (152, |
| osition easury t | | (50,604) | | 427,522 | 376,917 | | | | | | | | 376, |
| ersal of uation ss | | | 5,044 | | 5,044 | | | | | | | | 5, |
| ease in panies unted for r the y od | | | (147) | | (147) | | | | | | | | ( |
| ease in panies unted for r the y od | | | (81) | | (81) | | | | | | | | |
| nges in unting lards in seas olidated diaries | | | (9,217) | | (9,217) | | | | | | | | (9, |
| cognized arial rence d on unting lard for ement fits in | | | (133) | | (133) | | | | | | | | ( |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| changes ms other eholders y | | | | | | (1,459,461) | 135,472 | (4,989) | (26,082) | (1,355,061) | 2,508 | (287,064) | (1,639, |
| l changes ng the od | | (50,604) | 490,760 | 275,469 | 715,625 | (1,459,461) | 135,472 | (4,989) | (26,082) | (1,355,061) | 2,508 | (287,064) | (923, |
| nces as arch 31, | 1,383,052 | 1,865,696 | 4,592,960 | (726,001) | 7,115,707 | 595,352 | 79,043 | 143,292 | (52,566) | 765,121 | 2,509 | 1,716,370 | 9,599, |

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Mitsubishi UFJ Financial Group, Inc.

**Consolidated Statement of Changes in Net Assets**

**(For the fiscal year ended March 31, 2007)**

(in millions of ye

| | Shareholders equity | | | | | Valuation and translation adjustments | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders equity | Net unrealized gains (losses) on other securities | Net deferred gains (losses) on hedging instruments | Land revaluation excess | Foreign currency translation adjustments | Total valuation and translation adjustments | Subscription rights to shares | Minority interests | Total net asse |
| ances as March 31, 6 | 1,383,052 | 1,915,855 | 3,325,980 | (773,941) | 5,850,946 | 1,769,525 | | 149,534 | (42,168) | 1,876,891 | 0 | 2,098,512 | 9,826,3 |
| nges ing the od | | | | | | | | | | | | | |
| idends n retained nings | | | (103,150) | | (103,150) | | | | | | | | (103,1 |
| nuses to ctors and porate itors | | | (163) | | (163) | | | | | | | | (1 |
| income | | | 880,997 | | 880,997 | | | | | | | | 880,9 |
| quisition reasury ck | | | | (292,199) | (292,199) | | | | | | | | (292,1 |
| position reasury ck | | 451 | | 64,669 | 65,121 | | | | | | | | 65,1 |
| ersal of d aluation ess | | | 1,311 | | 1,311 | | | | | | | | 1,3 |
| rease in solidated sidiaries | | | (16) | | (16) | | | | | | | | ( |
| rease in npanies ounted for er the ity hod | | | (2,003) | | (2,003) | | | | | | | | (2,0 |
| rease in solidated sidiaries ulting n changes ccounting ndard | | | (1,270) | | (1,270) | | | | | | | | (1,2 |
| ecognized uarial erence ed on ounting ndard for | | | 515 | | 515 | | | | | | | | 5 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| rement efits in . ers | | (6) | | | (6) | | | | | | | | |
| changes tems other n reholders ity | | | | | | 285,288 | (56,429) | (1,252) | 15,685 | 243,292 | | (95,077) | 148,2 |
| al changes ng the od | | 445 | 776,219 | (227,529) | 549,135 | 285,288 | (56,429) | (1,252) | 15,685 | 243,292 | | (95,077) | 697,3 |
| ances as March 31, 7 | 1,383,052 | 1,916,300 | 4,102,199 | (1,001,470) | 6,400,081 | 2,054,813 | (56,429) | 148,281 | (26,483) | 2,120,183 | 0 | 2,003,434 | 10,523,7 |

Mitsubishi UFJ Financial Group, Inc.

**Consolidated Statements of Cash Flows**

| (in millions of yen) | **For the fiscal year ended March 31, 2008 (A)** | For the fiscal year ended March 31,2007 (B) | Increase (Decrease) (A) - (B) |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Income before income taxes and others | **1,020,879** | 1,508,730 | (487,851) |
| Depreciation | **341,384** | 318,375 | 23,008 |
| Impairment losses | **14,719** | 18,641 | (3,921) |
| Amortization of goodwill | **14,397** | 9,047 | 5,350 |
| Amortization of negative goodwill | **(4,611)** | (3,210) | (1,401) |
| Equity in losses (gains) of affiliates | **(13,042)** | 80,621 | (93,663) |
| Increase (decrease) in allowance for credit losses | **(109,487)** | (127,843) | 18,355 |
| Increase (decrease) in allowance for losses on investment securities | **4,015** | (510) | 4,526 |
| Increase (decrease) in reserve for bonuses | **(3,488)** | 1,226 | (4,714) |
| Increase (decrease) in reserve for bonuses to directors | **195** | 363 | (167) |
| Increase (decrease) in reserve for retirement benefits | **(1,502)** | (16,266) | 14,763 |
| Increase (decrease) in reserve for retirement benefits to directors | **858** | | 858 |
| increase (decrease) in reserve for loyalty award credits | **2,870** | | 2,870 |
| Increase (decrease) in reserve for contingent losses | **17,224** | 75,010 | (57,785) |
| Increase (decrease) in reserve for losses related to business restructuring | **22,865** | | 22,865 |
| Interest income recognized on statements of income | **(3,867,924)** | (3,514,976) | (352,948) |
| Interest expenses recognized on statements of income | **2,027,879** | 1,613,422 | 414,457 |
| Losses (gains) on investment securities | **(6,135)** | (108,292) | 102,156 |
| Losses (gains) on money held in trust | **(10,595)** | (8,056) | (2,539) |
| Foreign exchange losses (gains) | **1,353,236** | (301,193) | 1,654,429 |
| Losses (gains) on sales of fixed assets | **(19,389)** | 10,036 | (29,426) |
| Net decrease (increase) in trading assets | **(2,367,363)** | 573,194 | (2,940,558) |
| Net increase (decrease) in trading liabilities | **1,671,767** | (121,042) | 1,792,809 |
| Adjustment of unsettled trading accounts | **68,190** | 68,420 | (229) |
| Net decrease (increase) in loans and bills discounted | **(3,737,986)** | 1,047,379 | (4,785,366) |
| Net increase (decrease) in deposits | **2,755,219** | (395,600) | 3,150,819 |
| Net increase (decrease) in negotiable certificates of deposit | **254,850** | 494,550 | (239,699) |
| Net increase (decrease) in borrowed money (excluding subordinated borrowings) | **65,668** | 1,838,176 | (1,772,508) |
| Net decrease (increase) in due from banks (excluding cash equivalents) | **(256,946)** | 347,774 | (604,721) |
| Net decrease (increase) in call loans and bills bought and others | **(2,806,455)** | (3,953,536) | 1,147,080 |
| Net decrease (increase) in receivables under securities borrowing transactions | **(1,548,164)** | (1,245,753) | (302,410) |
| Net increase (decrease) in call money and bills sold and others | **2,158,359** | (3,657,635) | 5,815,995 |
| Net increase (decrease) in commercial paper | **(270,808)** | 297,116 | (567,925) |
| Net increase (decrease) in payables under securities lending transactions | **741,912** | 765,947 | (24,035) |
| Net decrease (increase) in foreign exchanges (assets) | **112,665** | (85,974) | 198,640 |
| Net increase (decrease) in foreign exchanges (liabilities) | **(29,666)** | (310,822) | 281,156 |
| Net increase (decrease) in issuance and redemption of short-term corporate bonds | **77,200** | (164,700) | 241,900 |
| Net increase (decrease) in issuance and redemption of unsubordinated bonds and notes | **(167,846)** | (428,481) | 260,635 |
| Net increase (decrease) in due to trust account | **(79,626)** | (886,620) | 806,993 |
| Interest income (cash basis) | **3,850,127** | 3,412,011 | 438,115 |
| Interest expenses (cash basis) | **(1,971,627)** | (1,551,083) | (420,543) |
| Other | **(1,597,214)** | 132,554 | (1,729,768) |
| Sub-total | **(2,293,397)** | (4,268,995) | 1,975,597 |
| Income taxes | **(118,886)** | (136,496) | 17,610 |

| | | | |
|---|---|---|---|
| Net cash provided by (used in) operating activities | **(2,412,284)** | (4,405,492) | 1,993,207 |
| Cash flows from investing activities: | | | |
| Purchases of investment securities | **(73,440,485)** | (62,209,264) | (11,231,221) |
| Proceeds from sales of investment securities | **50,589,606** | 35,571,860 | 15,017,746 |
| Proceeds from redemption of investment securities | **27,043,608** | 28,426,379 | (1,382,770) |
| Increase in money held in trust | **(167,510)** | (46,142) | (121,367) |
| Decrease in money held in trust | **362,633** | 102,357 | 260,275 |
| Purchases of tangible fixed assets | **(276,668)** | (222,603) | (54,065) |
| Purchases of intangible fixed assets | **(247,784)** | (196,342) | (51,441) |
| Proceeds from sales of tangible fixed assets | **133,787** | 20,880 | 112,906 |
| Proceeds from sales of intangible fixed assets | **1,521** | 170 | 1,350 |
| Proceeds from business divestitures | **11,516** | | 11,516 |
| Additional purchases of equity of consolidated subsidiaries | **(22,931)** | (1,733) | (21,197) |
| Proceeds from sales of equity of consolidated subsidiaries | **250** | 1,269 | (1,019) |
| Increase related to purchases of subsidiaries equity affecting the scope of consolidation | **28,179** | | 28,179 |
| Decrease related to purchases of subsidiaries equity affecting the scope of consolidation | **(4,543)** | (230) | (4,313) |
| Increase related to sales of subsidiaries equity affecting the scope of consolidation | **105,387** | | 105,387 |
| Decrease related to sales of subsidiaries equity affecting the scope of consolidation | **(86,448)** | | (86,448) |
| Net cash provided by (used in) investing activities | **4,030,119** | 1,446,600 | 2,583,518 |
| Cash flows from financing activities: | | | |
| Increase in subordinated borrowings | **210,000** | 179,000 | 31,000 |
| Decrease in subordinated borrowings | **(260,300)** | (207,500) | (52,800) |
| Increase in subordinated bonds and notes and bonds with warrants | **252,229** | 582,391 | (330,162) |
| Decrease in subordinated bonds and notes and bonds with warrants | **(206,808)** | (314,587) | 107,778 |
| Proceeds from issuance of common stock to minority shareholders | **155,509** | 232,806 | (77,296) |
| Purchases of common stock from minority shareholders | | (120,000) | 120,000 |
| Decrease in redemption of preferred stock | **(106,000)** | (218,000) | 112,000 |
| Dividend paid by MUFG | **(141,327)** | (103,150) | (38,176) |
| Dividend paid by subsidiaries to minority shareholders | **(57,662)** | (70,721) | 13,059 |
| Purchases of treasury stock | **(151,364)** | (292,181) | 140,817 |
| Proceeds from sales of treasury stock | **780** | 67,181 | (66,401) |
| Purchases of treasury stock by consolidated subsidiaries | **(14,904)** | (54,756) | 39,851 |
| Proceeds from sales of treasury stock by consolidated subsidiaries | **222** | 325 | (102) |
| Other | **(2,937)** | (6) | (2,931) |
| Net cash provided by (used in) financing activities | **(322,563)** | (319,199) | (3,364) |
| Effect of foreign exchange rate changes on cash and cash equivalents | **(34,202)** | (3,138) | (31,064) |
| Net increase (decrease) in cash and cash equivalents | **1,261,069** | (3,281,229) | 4,542,298 |
| Cash and cash equivalents at the beginning of the fiscal year | **2,961,153** | 6,238,548 | (3,277,395) |
| Increase in cash and cash equivalents due to consolidation of subsidiaries | | 510 | (510) |
| Decrease in cash and cash equivalents due to deconsolidation of subsidiaries | | (191) | 191 |
| Increase in cash and cash equivalents due to merger of consolidated subsidiaries | | 3,514 | (3,514) |
| Cash and cash equivalents at the end of the fiscal period | **4,222,222** | 2,961,153 | 1,261,069 |

**Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements**

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 242

Principal companies:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mitsubishi UFJ Trust and Banking Corporation
Mitsubishi UFJ Securities Co., Ltd.
The Senshu Bank, Ltd.
The Master Trust Bank of Japan, Ltd.
kabu.com Securities Co., Ltd.
Mitsubishi UFJ NICOS Co., Ltd.
NBL Co., Ltd.
The Mitsubishi UFJ Factors Limited
Mitsubishi UFJ Research & Consulting Co., Ltd.
MU Frontier Servicer Co., Ltd.
Mitsubishi UFJ Capital Co., Ltd.
KOKUSAI Asset Management Co., Ltd.
Mitsubishi UFJ Asset Management Co., Ltd.
MU Investments Co., Ltd.
Mitsubishi UFJ Real Estate Services Co., Ltd.
UnionBanCal Corporation
Mitsubishi UFJ Wealth Management Bank (Switzerland), Ltd.
Mitsubishi UFJ Trust & Banking Corporation (U.S.A.)
Mitsubishi UFJ Global Custody S.A.
Mitsubishi UFJ Securities International plc
Mitsubishi UFJ Securities (USA), Inc.
Mitsubishi UFJ Trust International Limited
Mitsubishi UFJ Securities (HK) Holdings, Limited
BTMU Capital Corporation
BTMU Leasing & Finance, Inc.
PT U Finance Indonesia
PT. BTMU-BRI Finance

In the current fiscal year, kabu.com Securities Co., Ltd. and 13 other companies were newly consolidated following additional capital injection into or acquisition of additional shares in such companies, or their organization or for other reasons.

In the current fiscal year, DC Card Co., Ltd. and 24 other companies were excluded from the scope of consolidation due to their dissolution or merger or for other reasons.

UFJ NICOS Co., Ltd. merged with DC Card Co., Ltd. on April 1, 2007 and changed its name to Mitsubishi UFJ NICOS Co., Ltd.

Bank of Tokyo-Mitsubishi UFJ (Luxembourg) S.A. changed its name to Mitsubishi UFJ Global Custody S.A. on April 2, 2007.

PT UFJ-BRI Finance changed its name to PT. BTMU-BRI Finance on January 28, 2008.

(2) Non-consolidated subsidiaries: None

(3) Entities not consolidated even though MUFG Group owns the majority of votes:

(A) Nichiele Corporation
A consolidated investment subsidiary owns the majority of votes of this company as passive investment without any intent to control.

(B) Hygeia Co., Ltd.
This company was established as a property management agent for a land trust project as passive investment without any intent to control.

(C) THCAP investment Limited Partnership
Shonan Sangakurenkei Fund Investment Limited Partnership

Gunma Challenge Fund Investment Limited Partnership

FOODSNET Corporation and 5 other companies

MUFG s consolidated venture capital subsidiaries participate in the management of partnerships as unlimited liability partners or own the majority of votes as passive investments without any intent to control.

2. Application of Equity Method

(1) Number of affiliates accounted for under the equity method: 43
Principal companies

The Chukyo Bank, Ltd.
The Gifu Bank, Ltd.
Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd.
Mitsubishi UFJ Lease & Finance Company Limited
BOT Lease Co., Ltd.
ACOM CO., Ltd.
Mobit Co., Ltd.
JACCS CO., Ltd.
Mitsubishi Research Institute DCS Co., Ltd.
PT. Bank Nusantara Parahyangan Tbk.

In the current fiscal year, JACCS CO., Ltd. and 1 other company were newly accounted for under the equity method following additional capital injection or for other reasons.

In the current fiscal year, MU Japan Fund PLC was newly accounted for under the equity method because MUFG s share ownership in its net income and retained earnings had a material impact on the consolidated financial statements of MUFG.

In the current fiscal year, kabu.com Securities Co., Ltd. and 7 other companies were no longer accounted for under the equity method as they were no longer MUFG s affiliates due to sale of ownership, merger, consolidation or other reasons.

Diamond Lease Co., Ltd. merged with UFJ Central Leasing Co., Ltd. on April 1, 2007 and changed its name to Mitsubishi UFJ Lease & Finance Company Limited.

Diamond Computer Service Co., Ltd. changed its name to Mitsubishi Research Institute DCS Co., Ltd. on April 1, 2007.

(2) Non-consolidated subsidiaries and affiliates not accounted for under the equity method
Principal companies

SCB Leasing Public Company Limited

This affiliate is not accounted for under the equity method because MUFG s share ownership in its net income, retained earnings or deferred gains and losses on hedging instruments do not have a material impact on the consolidated financial statements of MUFG.

(3) Entities not recognized as affiliates in which MUFG owns 20% to 50% of the voting rights:

(A) Japan Medical Information Research Institute, Inc. and 15 other companies
MUFG s consolidated venture capital subsidiaries own 20% to 50% of votes as passive investments without any intent to control.

(B) RYOGOKU CITY CORE Co., Ltd

This company was established as a property management agent for a land trust project as passive investment without any intent to control.

3. The balance sheet dates of consolidated subsidiaries

(1) The balance sheet dates of consolidated subsidiaries are as follows:

| | |
|---|---|
| May 31: | 3 subsidiaries |
| August 31: | 1 subsidiary |
| October 31: | 1 subsidiary |
| December 31: | 139 subsidiaries |
| January 24: | 17 subsidiaries |
| January 31: | 1 subsidiary |
| February 29: | 1 subsidiary |
| March 31: | 79 subsidiaries |

(2) 2 subsidiaries with a balance sheet date as of May 31 (out of 3) are consolidated based on their preliminary financial statements as of February 29.

Subsidiaries with a balance sheet date as of May 31 (1 out of 3) and August 31 are consolidated based on their preliminary financial statements as of March 31.

A subsidiary with a balance sheet date as of October 31 is consolidated based on its preliminary financial statements as of January 31.

Subsidiaries other than specified above are consolidated based on the financial statements as of their balance sheet dates.

Adjustments are made in the consolidated financial statements to reflect the significant transactions occurred between the balance sheet dates of the subsidiaries and the consolidated balance sheet date.

(Additional information)

The Bank of Tokyo-Mitsubishi UFJ, Ltd., a consolidated subsidiary of MUFG, established Bank of Tokyo-Mitsubishi UFJ (China), Ltd. on June 28, 2007 and transferred its 6 branches and 2 representative offices in China to the new company on July 1, 2007. Bank of Tokyo-Mitsubishi UFJ (China), Ltd. is consolidated based on its financial statements as of December 31.

4. Accounting Policies

(1) Trading assets and trading liabilities; trading income and expenses

Transactions involving short-term fluctuations or arbitrage opportunities in interest rates, currency exchange rates, market prices of securities or other market indices ( Trading transactions ) are presented in Trading assets and Trading liabilities in the consolidated balance sheets on a trade date basis, and gains and losses from trading transactions are presented in Trading income and Trading expenses in the consolidated statements of income on a trade date basis.

Trading assets and trading liabilities are stated at their fair values on the consolidated balance sheet date.

(2) Investment securities

(a) Debt securities being held to maturity are stated at amortized costs (using the straight-line method) computed under the moving average method. Investments in non-consolidated affiliates not accounted for under the equity method are stated at acquisition costs computed under the moving average method. Other securities with quoted market prices are stated at their quoted market prices on the consolidated balance sheet date (cost of securities sold is calculated primarily under the moving average method) and other securities for which quoted market prices are not available are stated at acquisition costs or amortized costs as computed under the moving average method. Net unrealized gains (losses) on other securities are included directly in net assets, net of applicable income taxes, except in the case of securities with embedded derivatives, which are measured at fair value in their entirety with the change in fair value recognized in current earnings.

(b) Securities which are held as trust assets in money held in trust are accounted for under the same basis as noted above in Notes (1) and (2)(a)(b). Unrealized gains and losses on securities in money held in trust, which are not held for trading purposes or held to maturity, are included directly in net assets, net of applicable income taxes.

(3) Derivatives

Derivatives transactions (other than trading transactions) are calculated primarily based on fair value.

(4) Depreciation

(a) Fixed tangible assets

Depreciation for tangible fixed assets of MUFG and its domestic consolidated banking subsidiaries and trust banking subsidiaries is computed under the declining-balance method.

The estimated useful lives are as follows:

| | |
|---|---|
| Buildings: | 15 years to 50 years |
| Equipment: | 2 years to 20 years |

Depreciation for tangible fixed assets of other consolidated subsidiaries is computed primarily under the straight-line method based on their estimated useful lives.

(Changes in accounting policies)

Depreciation for tangible fixed assets acquired after March 31, 2007, other than buildings (excluding fixtures) of a domestic consolidated banking subsidiary, is computed in accordance with the Corporate Tax Law as amended by the FY 2007 Tax Reform.

The domestic consolidated banking subsidiary has re-examined its accounting treatment for the residual value of its buildings, excluding fixtures, based on historical and other date related to its disposition of buildings in accordance with the FY 2007 Tax Reform and determined that the residual value should be adjusted to a nominal amount. As a result of this re-examination, starting in the fiscal year ended March 31, 2008, the amended declining-balance method, under which buildings, regardless of the date of their acquisition, are depreciated to a nominal value at the end of their useful lives, as set forth in the Corporate Tax Law, is used as the new computation method for depreciation for buildings of the domestic consolidated banking subsidiary. This change resulted in a ¥11,135 million increase in general and administrative expenses and a ¥11,135 million decrease in ordinary profits and income before taxes and others in the fiscal year ended March 31, 2008.

(Additional information)

The residual value of tangible fixed assets acquired prior to April 1, 2007, other than the domestic consolidated banking subsidiary s buildings (excluding fixtures), is depreciated over 5 years by the straight-line method starting in the fiscal year immediately following the fiscal year in which the cumulative amount of depreciation has reached 95% of the acquisition cost. This change resulted in a ¥2,576 million increase in general and administrative expenses and a ¥2,576 million decrease in ordinary income and income before income taxes and others in the fiscal year ended March 31, 2008.

(b) Intangible fixed assets

Depreciation for intangible fixed assets is computed primarily under the straight-line method. Development costs for internally used software are capitalized and depreciated under the straight-line method over the estimated useful lives of primarily 3 to 10 years.

(5) Deferred assets

Stock issuance costs and bond issuance costs are expensed as incurred.

Bonds are stated at amortized costs (using the straight-line method). Discount on bonds recognized prior to March 31, 2006 is amortized using the straight-line method over the life of corresponding bonds and the unamortized portion is deducted directly from bonds and notes in accordance with ASBJ PITF No.19 Tentative Solution on Accounting for Deferred Assets (August 11, 2006).

(6) Allowance for credit losses

Principal domestic consolidated subsidiaries provide allowance for credit losses in accordance with the internal standards for self-assessment of asset quality and the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses ( bankrupt borrowers ) or borrowers that are not legally or formally bankrupt but are regarded as substantially in a similar condition ( substantially bankrupt borrowers ), allowances are provided based on the amount of claims, after write-offs as stated below, net of expected amounts to be collected through the disposal of collateral and the execution of guarantees.

For claims on borrowers that are not yet legally or formally bankrupt but deemed to have a high possibility of becoming bankrupt ( potentially bankrupt borrowers ) excluding a portion of which principal and interest payment can be reasonably estimated from borrower s cash flows, allowances are provided based on an overall solvency assessment of the claims, net of expected amounts to be collected through the disposal of collateral and the execution of guarantees.

For claims on potentially bankrupt borrowers and claims on borrowers requiring close monitoring, of which principal and interest payment can be reasonably estimated from borrower s cash flows, allowances are provided in an amount equal to the difference between the book value of the claims and the fair value of principal and interest, which is calculated using estimated cash flows discounted at the initial contractual interest rates.

For other claims, allowances are provided based on historical credit loss experience.

For claims originated in specific foreign countries, additional allowances are provided based on an assessment of political and economic conditions of these countries.

All claims are assessed by branches and the credit supervision departments in accordance with the internal standards for self-assessment of asset quality. The credit review department, which is independent from those operating sections, subsequently audits these assessments. The allowances presented above reflect these internally audited assessments.

For claims on bankrupt borrowers and substantially bankrupt borrowers, the amount of claims exceeding the estimated value of collateral or guarantees, that is deemed uncollectible, has been written-off. The total amount of write-offs is ¥691,894 million.

Consolidated subsidiaries, not adopting procedures stated above, provide allowances based on their historical credit loss experience for general claims and based on individual assessments of the possibility of collection for specific deteriorated claims.

(7) Allowances for losses on investment securities

Allowances for losses on investment securities are provided based on assessments of each issuer s financial condition and other relevant factors.

(8) Reserve for bonuses

Reserve for bonuses, which is provided for future bonus payments to employees, reflects an estimated amount accrued on the consolidated balance sheet date.

(9) Reserve for bonuses to directors

Reserve for bonuses to directors, which is provided for future bonus payments to directors, reflects an estimated accrued on the consolidated balance sheet date.

(10) Reserve for retirement benefits

Reserve for retirement benefits, which is provided for future pension payments to employees, is recorded in the amount deemed accrued at the consolidated balance sheet date based on the projected benefit obligation and the estimated plan asset amount at the end of each fiscal year.

Unrecognized prior service cost is amortized under the straight-line method for a period, primarily over 10 years, within the employees average remaining service period, commencing on the fiscal year in which the services are provided.

Unrecognized net actuarial gains (losses) are amortized under the straight-line method for a period, primarily over 10 years, within the employees average remaining service period, commencing on the fiscal year immediately following the fiscal year in which the services were provided.

(11) Reserve for retirement benefits to directors

Reserve for retirement benefits to directors, which is provided for payments of retirement benefits to directors, is recorded in the amount deemed accrued at the consolidated balance sheet date based on the estimated amount of benefits.

(New presentation rule)

Starting in the current fiscal year, reserve for retirement benefits to directors is separately presented in accordance with the revision to the forms appended to the Banking Law Enforcement Regulations (Ministry of Finance Ordinance No. 10, 1982) by the Cabinet Office Ordinance to Amend Part of Banking Law Enforcement Regulations (Cabinet Office Ordinance No. 76, September 28, 2007).

Reserve for retirement benefits to directors , which was previously reported as part of Other liabilities , was ¥1,241 million as of March 31, 2007.

(12) Reserve for loyalty award credits

Reserve for loyalty award credits, which is provided to meet future use of credits granted to credit card customers, is recorded in the amount deemed necessary based on the estimated future use of unused credits.

(New presentation rule)

Reserve for loyalty award was previously immaterial and included in Other liabilities . Reserve for loyalty award credits , which was previously reported as part of Other liabilities , was ¥5,208 million as of March 31, 2007.

(13) Reserve for contingent losses

Reserve for contingent losses, which is provided for possible losses from contingent events related to off-balance sheet and other transactions, is calculated by estimation of the impact of these contingent events.

(14) Reserve for losses related to business restructuring

Reserve for losses related to business restructuring is provided for estimated future losses related to business restructuring in consolidated subsidiaries.

(15) Reserves under special laws

Reserves under special laws represents the ¥4,639 million of reserve for contingent liabilities from financial instruments transactions set aside in accordance with Article 46-5-1 and Article 48-3-1 of the Financial Instruments and Exchange Law.

Reserve for contingent liabilities from financial futures transactions was previously set aside in accordance with Article 81 of the Financial Futures Trading Law, and reserve for contingent liabilities from securities transactions was previously set aside in accordance with Article 51 of the Securities and Exchange Law. These reserves have been replaced by reserve for contingent liabilities from financial instruments transactions since the Financial Instruments and Exchange Law became effective on September 30, 2007.

(New presentation rule)

The forms appended to the Banking Law Enforcement Regulations (Ministry of Finance Ordinance No. 10, 1982) were revised by the Cabinet Office Ordinance to Amend Part of Banking Law Enforcement Regulations (Cabinet Office Ordinance No. 76, September 28, 2007), effective of September 30, 2007. In accordance with the revision, starting in the current fiscal year, reserve for contingent liabilities from financial futures transactions and reserve for contingent liabilities from securities transactions, which were previously included in extraordinary losses, are presented in the consolidated statements of income as included in reserve for contingent liabilities from financial instruments transactions.

(16) Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies or booked at overseas branches of domestic consolidated banking subsidiaries and domestic consolidated trust banking subsidiaries are translated into yen primarily at exchange rates in effect on the consolidated balance sheet date, except for investments in non-consolidated affiliates which are translated into yen at exchange rates in effect on the acquisition dates.

Assets and liabilities denominated in foreign currencies of other consolidated subsidiaries are translated into yen at the exchange rates in effect on the consolidated balance sheet date.

(17) Leasing transactions

Finance leases of domestic consolidated subsidiaries which do not involve transfer of ownership to lessees are accounted for as operating leases.

(18) Hedge accounting

(A) Hedge accounting for interest rate risks

(a) Domestic consolidated banking subsidiaries and domestic consolidated trust banking subsidiaries have adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from monetary assets and liabilities. Individual hedging or portfolio hedging, as described in the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No.24, Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry (February 13, 2002) and JICPA Accounting Committee Report No.14, Practical Guidelines for Accounting for Financial Instruments (January 31, 2000), are primarily applied to determine hedged items.

(b) With respect to hedging transactions to offset fluctuations in the fair value of fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items individually or collectively by their maturities in accordance with Industry Audit Committee Report No.24. With respect to hedging transactions to offset fluctuations in fair value of fixed rate bonds classified as other securities, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by the type of bond. Since material terms related to hedged items and hedging instruments are substantially identical, and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms.

(c) With respect to hedging transactions to fix the cash flows related to floating rate deposits and loans as well as short-term fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by interest rate indices and tenors in accordance with Industry Audit Committee Report No.24. Since material terms related to hedged items and hedging instruments are substantially identical, and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms. The effectiveness of hedging transactions is also assessed by verifying the correlation between hedged items and hedging instruments.

(d) As of March 31, 2003, deferred hedge losses and gains were recorded in the consolidated balance sheet as a result of the application of macro hedge accounting based on JICPA Industry Audit Committee Report No.15 Tentative Treatment for Accounting and Auditing in Adoption of Accounting Standards for Banking Industry (February 15, 2000), under which the overall interest rate risks arising from numerous deposits, loans and other instruments are hedged collectively by derivative transactions. These losses and gains are amortized as expense or income over the remaining lives of the macro hedging instruments (for a maximum period of 15 years from April 1, 2003). Deferred hedge losses and gains attributable to macro hedge accounting as of March 31, 2008 are ¥25,715 million (before tax effect adjustment) and ¥41,677 million (before tax effect adjustment), respectively.

(B) Hedge accounting for foreign currency risks

(a) Domestic consolidated banking subsidiaries and domestic consolidated trust banking subsidiaries have adopted the deferred hedge accounting method for hedging transactions for foreign currency risks arising from monetary assets and liabilities denominated in foreign currencies. Portfolio hedging is applied to determine hedged items as described in JICPA Industry Audit Committee Report No. 25 Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry (July 29, 2002). Hedging instruments (e.g. currency swaps and forward exchange contracts) are designated to hedged items collectively by currencies.

(b) Domestic consolidated banking subsidiaries and domestic consolidated trust banking subsidiaries have adopted deferred hedge accounting method for hedging transactions for foreign currency risks arising from investments in subsidiaries denominated in foreign currencies while adopting the fair value hedge accounting method for hedging transactions for foreign currency risks arising from foreign securities (other than bonds). Portfolio hedging and individual hedging are applied to determine hedged items. Liabilities denominated in foreign currencies and forward exchange contracts are used as hedging instruments.

(C) Transactions among consolidated companies

Derivative transactions, including interest rate swaps and currency swaps which are designated as hedging instruments, among consolidated companies or between trading accounts and other accounts (or among internal sections) are not eliminated from the consolidated statements of income and related gains and losses are recognized or deferred under hedge accounting because these derivative transactions are executed, meeting certain criteria under JICPA Industry Audit Committee Reports No.24 and No.25 to be regarded as equivalent to external third party transactions.

(19) Consumption taxes

National and local consumption taxes are excluded from transaction amounts. Non-deductible portions of consumption taxes on the purchases of tangible fixed assets are expensed when incurred.

5. Assets and Liabilities of Consolidated Subsidiaries

Assets and liabilities of consolidated subsidiaries are stated at their fair values on the balance sheet dates of the subsidiaries.

6. Amortization of Goodwill

Goodwill on Mitsubishi UFJ Securities Co., Ltd., kabu.com Securities Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd. and UnionBanCal Corporation is amortized using the a straight-line method over 20 years starting from the period of the consolidation. Other goodwill, negative goodwill and their equivalents with insignificant balances are expensed as incurred.

7. Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

Cash and cash equivalents in the consolidated statements of cash flows are defined as Cash and due from banks on the consolidated balance sheet, excluding time deposits and negotiable certificates of deposits in other banks.

**Changes in Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements**

(Accounting Policy for Financial Instruments)

ASBJ Accounting Standard No.10 Accounting Standard for Financial Instruments and JICPA Accounting Committee Report No.14, Practical Guidelines for Accounting for Financial Instruments were revised on June 15, 2007 and July 4, 2007, respectively. The accounting standard and the practical guidelines are applicable to fiscal years and interim periods ending on or after September 30, 2007, and MUFG adopted the revised Accounting Standard and Practical Guidelines starting from this fiscal year.

The revisions do not have any impact on the consolidated financial statements.

(Changes in the grouping method for recognition and measurement of impairment losses on fixed assets)

Upon its merger with DC Card Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., a consolidated subsidiary of MUFG, changed its grouping method for recognition and measurement of impairment losses on fixed assets. Assets related to the credit card business, which were previously grouped as one unit, were grouped into smaller business units which are consistent with the ongoing management and monitoring under the internal managerial accounting. This change was as a result of the operating system improvements and business restructuring following the merger.

This change resulted in a ¥1,085 million increase in ordinary profits and a ¥4,174 million decrease in income before income taxes and others.

**Notes to the Consolidated Financial Statements**

(Consolidated balance sheets)

1. Investment securities includes ¥249,266 million of stocks in affiliates and ¥2,269 million of other investments in affiliates.

2. Investment securities includes ¥942 million of unsecured securities loaned with respect to which borrowers have rights to sell or pledge. For borrowed securities under securities borrowing transactions and securities purchased under resale agreements, that permit MUFG Group to sell or pledge securities without restrictions, ¥5,557,035 million is pledged, ¥399,451 million is loaned and ¥14,686,956 million is held by MUFG Group at the consolidated balance sheet date.

3. Loans to bankrupt borrowers: ¥43,298 million.
Non-accrual delinquent loans: ¥737,926 million.

Loans to bankrupt borrowers are loans, after write-offs, to bankrupt borrowers as defined in Article 96-1-3-1 to 5 and 96-1-4 of the Enforcement Ordinance of the Corporate Tax Law (No. 97 in 1965) on which accrued interest income is not recognized ( Non-accrual loans ) as there is substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for some other reasons.

Non-accrual delinquent loans represent non-accrual loans other than loans to bankrupt borrowers and loans renegotiated at concessionary terms, including reduction or deferral of interest due to the borrower s weakened financial condition.

4. Loans past due for 3 months or more: ¥17,900 million.
Loans past due for 3 months or more represent loans whose principal and/or interest payments have been past due for 3 months or more, excluding loans to bankrupt borrowers and non-accrual delinquent loans.

5. Restructured loans: ¥477,544 million.
Restructured loans represent loans renegotiated at concessionary terms, including reduction or deferral of interest or principal and waiver of the claims, due to the borrower s weakened financial condition, excluding loans to bankrupt borrowers, non-accrual delinquent loans and loans past due for 3 months or more.

6. The total amount of loans to bankrupt borrowers, non-accrual delinquent loans, loans past due for 3 months or more and restructured loans was ¥1,276,670 million.
The amounts provided in Notes 3 to 6 represent gross amounts before the deduction of allowances for credit losses.

7. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. MUFG s banking subsidiaries and trust banking subsidiaries have rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value of these bills is ¥989,845 million.

8. Assets pledged as collateral are as follows:

| | |
|---|---|
| Cash and due from banks: | ¥ 2,124 million |
| Trading assets: | ¥ 815,656 million |
| Investment securities: | ¥ 2,364,483 million |
| Loans and bills discounted: | ¥ 86,330 million |
| Other assets: | ¥ 34 million |
| Tangible fixed assets: | ¥ 1,142 million |
| Intangible fixed assets: | ¥ 764 million |

Liabilities related to pledged assets are as follows:

| | |
|---|---|
| Deposits: | ¥ 393,748 million |
| Call money and bills sold: | ¥ 610,900 million |
| Commercial paper | ¥ 25,000 million |
| Borrowed money: | ¥ 2,120,577 million |
| Bonds and notes: | ¥ 17,154 million |
| Acceptances and guarantees: | ¥ 2,124 million |

In addition to the items listed above, ¥113,293 million of cash and due from banks, ¥568,156 million of commercial paper and debt purchased, ¥19,698 million of trading assets, ¥4,670,829 million of investment securities, ¥6,165,191 million of loans and bills discounted, and ¥5,707 million of other assets have been pledged as collateral for cash settlements and other transactions or as deposits for margin accounts of futures and other transactions.

¥4,432,044 million of trading assets and ¥6,151,604 million of investment securities have been sold under repurchase agreements or loaned under secured lending transactions. Payables corresponding to the assets sold or loaned under repurchase agreements and under securities lending transactions are ¥5,903,798 million and ¥3,877,010 million, respectively.

Bills rediscounted are accounted for as financial transactions in accordance with Industry Audit Committee Report No.24. The total face value of rediscounted bank acceptances bought, commercial bills discounted, documentary bills and bills of exchange rediscounted is ¥7,927 million.

9. Overdraft facilities and commitment lines of credit are binding contracts under which MUFG s consolidated subsidiaries have obligations to disburse funds up to predetermined limits upon the borrower s request as long as there have been no breach of contracts. The total amount of the unused portion of these facilities is ¥69,330,633 million.

The total amount of the unused portion does not necessarily represent actual future cash requirements because many of these contracts are expected to expire without being drawn upon. In addition, most of these contracts include clauses which allow MUFG s consolidated subsidiaries to decline the borrower s request for disbursement or decrease contracted limits for cause, such as changes in financial conditions or deterioration in the borrower s creditworthiness. MUFG s consolidated subsidiaries may request the borrowers to pledge real property and/or securities as collateral upon signing of the contract and will perform periodic monitoring on the borrower s business conditions in accordance with internal procedures, which may lead to renegotiation of the terms and conditions of the contracts and/or initiate the request for additional collateral and/or guarantees.

10. In accordance with the Law concerning Revaluation of Land (the Law ) (No.34, March 31, 1998), land used for business operations of domestic consolidated banking subsidiary and domestic consolidated trust banking subsidiary has been revalued as of the dates indicated below. The total excess from revaluation, net of income taxes corresponding to the excess which are recognized as Deferred tax liabilities for land revaluation , is stated as Land revaluation excess in net assets. Land revaluation excess includes MUFG s share of affiliated companies land revaluation excess.

Dates of revaluation:

| | |
|---|---|
| Domestic consolidated banking subsidiary | March 31, 1998 |
| Domestic consolidated trust banking subsidiary | March 31, 1998, December 31, 2001 and March 31, 2002 |

The method of revaluation as set forth in Article 3, Paragraph 3 of the Law :

Fair values are determined based on (1) published land price under the Land Price Publication Law stipulated in Article 2-1 of the Enforcement Ordinance of the Law concerning Revaluation of Land ( Ordinance ) (No.119, March 31, 1998), (2) standard land price determined on measurement spots under the Enforcement Ordinance of National Land Planning Law stipulated in Article 2-2 of the Ordinance , (3) land price determined by the method established and published by the Director General of the National Tax Agency in order to calculate land value which is used for determining taxable amounts subject to landholding tax articulated in Article 16 of the Landholding Tax Law stipulated in Article 2-4 of the Ordinance with price adjustments by shape and time and (4) appraisal by certified real estate appraisers stipulated in Article 2-5 of the Ordinance with price adjustments for time.

Some of MUFG s equity method affiliates have revalued their land used for business operations as of March 31, 2002.

11. Accumulated depreciation on tangible fixed assets: ¥1,372,174 million.

12. Deferred gains on tangible fixed assets deducted for tax purposes: ¥91,673 million.

13. Borrowed money includes ¥1,202,500 million of subordinated borrowings.

14. Bonds and notes include ¥3,158,606 million of subordinated bonds.

15. The principal amounts of money trusts and loan trusts entrusted to domestic trust banking subsidiaries, for which repayment of the principal to the customers is guaranteed, are ¥1,277,958 million and ¥231,508 million, respectively.

16. Guarantee obligations for private placement bonds in Investment securities (provided in accordance with the Article 2-3 of the Financial Instruments and Exchange Law) is ¥3,093,449 million.

(Consolidated statements of income)

1. Other ordinary income includes ¥176,970 million of gains on sales of equity securities and ¥152,639 million of leasing fees relating to the consolidated leasing subsidiaries.

2. Other ordinary expenses includes ¥251,597 million of write-offs of loans, ¥132,564 million of leasing costs relating to the consolidated leasing subsidiaries, and ¥187,104 million of write down of equity securities.

3. Prior year adjustments is represents adjustments on assets of UFJ Bank Limited, which became a consolidated subsidiary on October 1, 2005

(Consolidated statement of changes in net assets)

1. Detailed information regarding outstanding shares

(Thousand shares)

| | Number of shares as of March 31, 2007 | Number of shares increased | Number of shares decreased | Number of shares as of March 31, 2008 | Notes |
|---|---|---|---|---|---|
| Outstanding shares | | | | | |
| Common stock | 10,861 | 10,850,782 | | 10,861,643 | (1) |
| Preferred stock first series of class 3 | 100 | 99,900 | | 100,000 | (2) |
| Preferred stock class 8 | 17 | 17,682 | | 17,700 | (3) |
| Preferred stock class 11 | 0 | 0 | | 1 | (4) |
| Preferred stock class 12 | 33 | 33,666 | | 33,700 | (5) |
| Total | 11,013 | 11,002,031 | | 11,013,044 | |
| Treasury stock | | | | | |
| Common stock | 654 | 781,337 | 277,729 | 504,262 | (6) |
| Total | 654 | 781,337 | 277,729 | 504,262 | |

(1) Increase in the number of common stock by 10,850,782 thousand shares was due to stock split.
(2) Increase in the number of preferred stock first series of class 3 by 99,900 thousand shares was due to stock split.
(3) Increase in the number of preferred stock class 8 by 17,682 thousand shares was due to stock split.
(4) Increase in the number of preferred stock class 11 by 0 thousand shares was due to stock split.
(5) Increase in the number of preferred stock class 12 by 33,666 thousand shares was due to stock split.
(6) Increase in the number of common stock held in treasury by 781,337 thousand shares was mainly due to stock split, acquisition of fractional shares and shares constituting less than a unit, repurchase of stock under the resolution of the Board of Directors and increase in the number of shares held by subsidiaries and affiliates. Decrease in the number of common stock held in treasury by 277,729 thousand shares was mainly due to share exchange, sale of fractional shares and shares constituting less than a unit and decrease in the number of shares held by affiliates.

2. Information regarding subscription rights to shares

| Issuer | Type of Subscription rights to shares | Type of shares to be issued | Number of shares subject to subscription rights As of March 31, 2007 | Increase | Decrease | As of March 31, 2008 | Balance as of March 31, 2008 (¥ million) |
|---|---|---|---|---|---|---|---|
| MUFG | Subscription rights to shares (Treasury shares) | | ( ) | () | ( ) | ( ) | () |
| | Stock options | | | | | | 2,408 |
| Consolidated subsidiaries (Treasury shares) | | | | | | | 100 ( ) |
| Total | | | | | | | 2,509 ( ) |

3. Detailed information regarding cash dividends

| Date of approval | Type of shares | Total Dividends (¥ million) | Dividend per share (¥) | Dividend record date | Effective date |
|---|---|---|---|---|---|
| General meeting of shareholders on June 28, 2007 | Common stock | 61,259 | 6,000 | March 31, 2007 | June 28, 2007 |
| | Preferred stock first series of class 3 | 3,000 | 30,000 | | |
| | Preferred stock class 8 | 140 | 7,950 | | |
| | Preferred stock class 11 | 0 | 2,650 | | |
| | Preferred stock class 12 | 193 | 5,750 | | |
| Board of directors meeting on November 21, 2007 | Common stock | 73,411 | 7 | September 30, 2007 | December 10, 2007 |
| | Preferred stock first series of class 3 | 3,000 | 30 | | |
| | Preferred stock class 8 | 140 | 7.95 | | |
| | Preferred stock class 11 | 0 | 2.65 | | |
| | Preferred stock class 12 | 193 | 5.75 | | |

The total amount of dividends above includes ¥11 million paid to consolidated subsidiaries.

MUFG conducted a 1,000 for 1 stock split of common and preferred shares effective on September 30, 2007.

(*) Dividends with record dates before March 31, 2008 and effective dates after April 1, 2008

| Date of approval (scheduled) | Type of shares | Total Dividends (¥ million) | Source of dividends | Dividend per share (¥) | Dividend record date | Effective date |
|---|---|---|---|---|---|---|
| General meeting of shareholders on June 27, 2008 | Common shares | 72,525 | Retained earnings | 7 | March 31, 2008 | June 27, 2008 |
| | Preferred shares first series of class 3 | 3,000 | | 30 | | |
| | Preferred stock class 8 | 140 | | 7.95 | | |
| | Preferred stock class 11 | 0 | | 2.65 | | |
| | Preferred stock class 12 | 193 | | 5.75 | | |

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(Consolidated Statements of Cash Flows)

1. The difference between cash and cash equivalents and items presented on the consolidated balance sheet.

As of March 31, 2008

| | |
|---|---|
| Cash and due from banks on the consolidated balance sheet: | ¥ 10,281,603 million |
| (-) Time deposits and negotiable certificates of deposit in other banks: | ¥ (6,059,380 million) |
| Cash and cash equivalents | ¥ 4,222,222 million |

2. In accordance with the new presentation rule for the consolidated balance sheets, net increase (decrease) in reserve for retirement benefits to directors and net increase (decrease) in reserve for loyalty award credits, which were previously reported as part of Other in Cash flows from operating activities , are separately presented as Increase (decrease) in reserve for retirement benefits to directors and Increase (decrease) in reserve for loyalty award credits .

Increase (decrease) in reserve for retirement benefits to directors and Increase (decrease) in reserve for loyalty award credits previously reported as part of Other in Cash flows from operating activities as of March 31, 2007 were an increase of ¥161 million and a decrease of ¥485 million, respectively.

(Investment Securities)

In addition to Investment securities , the following tables include trading securities, securities related to trading transactions and trading short-term corporate bonds classified as Trading assets , negotiable certificates of deposit in Cash and due from banks and beneficiary certificates of commodity investment trusts in Commercial Paper and other debt purchased .

1. Trading securities (as of March 31, 2008)

(in millions of yen)

| Amount on consolidated balance sheet | Net unrealized gains (losses) recorded in the consolidated statement of income during this period |
|---|---|
| 10,048,468 | 53,379 |

2. Debt securities being held to maturity with market values (as of March 31, 2008)

(in millions of yen)

| | Amount on consolidated balance sheet | Market value | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
|---|---|---|---|---|---|
| Domestic bonds | 2,805,196 | 2,824,350 | 19,153 | 21,178 | 2,025 |
| Government bonds | 2,496,983 | 2,512,116 | 15,133 | 17,129 | 1,996 |
| Municipal bonds | 71,844 | 73,073 | 1,229 | 1,229 | |
| Corporate bonds | 236,368 | 239,159 | 2,790 | 2,819 | 28 |
| Other Securities | 136,778 | 137,862 | 1,083 | 1,304 | 220 |
| Foreign bonds | 20,934 | 22,018 | 1,084 | 1,304 | 220 |
| Other | 115,844 | 115,844 | (0) | | 0 |
| Total | 2,941,975 | 2,962,212 | 20,237 | 22,483 | 2,245 |

(*1) Market Value is calculated by using quoted market prices and/or other information.

3. Other securities with market values (as of March 31, 2008)

(in millions of yen)

| | Acquisition cost | Amount on the consolidated balance sheet | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
|---|---|---|---|---|---|
| Domestic equity securities | 4,296,748 | 5,674,702 | 1,377,953 | 1,737,517 | 359,564 |
| Domestic bonds | 17,070,963 | 17,062,116 | (8,847) | 82,767 | 91,614 |
| Government bonds | 15,366,668 | 15,343,602 | (23,065) | 66,131 | 89,196 |
| Municipal bonds | 198,806 | 202,574 | 3,767 | 3,916 | 148 |
| Corporate bonds | 1,505,488 | 1,515,939 | 10,450 | 12,719 | 2,269 |
| Other | 13,789,594 | 13,425,362 | (364,231) | 192,167 | 556,398 |
| Foreign equity securities | 97,079 | 192,234 | 95,154 | 95,682 | 527 |
| Foreign bonds | 8,435,851 | 8,415,050 | (20,800) | 65,715 | 86,515 |
| Other | 5,256,662 | 4,818,077 | (438,584) | 30,770 | 469,355 |

| | | | | | |
|---|---|---|---|---|---|
| Total | 35,157,305 | 36,162,180 | 1,004,875 | 2,012,453 | 1,007,578 |

(*1) Amount on the consolidated balance sheet in this table means market value calculated by using quoted market prices and/or other information.

(*2) Other securities held by MUFG or domestic consolidated subsidiaries are subject to write-downs when the market value or reasonably evaluated value of these securities has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. Considerable decline in market value is determined based on the classification of issuers in accordance with the internal standards for self-assessment of asset quality as follows:

Bankrupt, Substantially bankrupt or Potentially bankrupt issuers:
Market value is lower than acquisition cost.

Issuers requiring close monitoring:
Market value has declined 30% or more from acquisition cost.

Other issuers:
Market value has declined 50% or more, from acquisition cost.

Bankrupt issuer means issuer who has entered into bankruptcy, special liquidation proceedings or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses. Substantially bankrupt issuer means issuer who is not legally or formally bankrupt but regarded as substantially in a similar condition. Potentially bankrupt issuer means issuer who is not legally bankrupt but deemed to have high possibility of becoming bankrupt. Issuer requiring close monitoring means issuer who is financially weak and under close monitoring conducted by MUFG s subsidiaries.

(*3) Net unrealized gains (losses) includes losses of ¥13,982 million which are related to the securities with embedded derivatives and are recorded in current earnings.

4. Other securities sold during the fiscal year

(in millions of yen)

| Amount sold | Gains on sales | Losses on sales |
|---|---|---|
| 50,118,819 | 332,133 | 144,781 |

5. Securities stated at acquisition costs (as of March 31, 2008)

(excluding items classified as Debt securities being held to maturity with market values on table 2)

(in millions of yen)

| | Amount on the consolidated balance sheet |
|---|---|
| Debt securities being held to maturity | |
| Foreign bonds | 12,886 |
| Other securities | |
| Domestic equity securities | 446,418 |
| Domestic corporate bonds | 3,481,687 |
| Foreign equity securities | 72,450 |
| Foreign bonds | 243,430 |

6. The redemption schedule of bonds classified as other securities with maturities and securities being held to maturity (as of March 31, 2008)

(in millions of yen)

| | within 1 year | 1 year to 5 years | 5 years to 10 years | Over 10 years |
|---|---|---|---|---|
| Domestic bonds | 8,972,284 | 7,467,376 | 4,633,923 | 2,279,647 |
| Government bonds | 8,200,246 | 4,273,924 | 3,634,820 | 1,731,595 |
| Municipal bonds | 24,752 | 145,509 | 105,963 | 3,846 |
| Corporate bonds | 747,285 | 3,047,942 | 893,139 | 544,205 |
| Other | 799,114 | 3,425,040 | 2,761,209 | 5,570,201 |
| Foreign bonds | 589,635 | 2,986,504 | 1,440,348 | 2,955,942 |
| Other | 209,479 | 438,536 | 1,320,861 | 2,614,259 |
| Total | 9,771,398 | 10,892,417 | 7,395,133 | 7,849,848 |

(Money Held in Trust)

1. Money held in trust for trading purpose (as of March 31, 2008)

(in millions of yen)

| Amount on consolidated balance sheet | Net unrealized gains (losses) recorded in the consolidated statement of income during this period |
|---|---|
| 72,392 | (9,671) |

2. Money held in trust not for trading purpose or being held to maturity (as of March 31, 2008)

(in millions of yen)

| Acquisition costs | Amount on consolidated balance sheet | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
|---|---|---|---|---|
| 328,054 | 329,055 | 1,001 | 1,091 | 89 |

(*1) Amount on the consolidated balance sheet on this table means market value calculated by using quoted market prices and/or other information.

(Net Unrealized Gains (Losses) on Other Securities)

Detailed information regarding net unrealized gains (losses) on other securities (as of March 31, 2008)

(in millions of yen)

| | |
|---|---|
| Net unrealized gains (losses) on other securities | 1,034,322 |
| Other securities | 1,033,321 |
| Money held in trust not for trading purpose or being held to maturity | 1,001 |
| Deferred tax liabilities | 443,995 |
| Net unrealized gains (losses) on other securities, net of deferred tax liabilities (before MUFG s ownership share of affiliates unrealized gains (losses)) | 590,327 |
| Minority interests | 7,771 |
| MUFG s ownership share of affiliates unrealized gains (losses) on other securities | (2,746) |
| Total | 595,352 |

(*1) Net unrealized gains (losses) on this table excludes ¥13,982 million of losses resulting from the disposition of securities with embedded derivatives.

(*2) Net unrealized gains (losses) on this table includes ¥14,463 million of unrealized gains on securities in investment limited partnerships.

(Retirement benefits)

1. Outline for retirement benefits plans

Domestic consolidated subsidiaries have retirement benefit plans with defined benefits, such as defined benefit pension plans, employees pension funds, tax qualified pension plans and lump sum severance payments. Lump sum severance payments can be increased by an additional amount which is not included in the projected benefit obligation calculated actuarially pursuant to applicable accounting standards for retirement benefits.

Some overseas branches of domestic consolidated subsidiaries and some overseas consolidated subsidiaries also have benefit plans with defined benefits.

2. Benefit obligation

| | | (in millions of yen) Balances as of March 31, 2008 |
|---|---|---|
| Projected benefit obligation | (A) | (1,909,046) |
| Fair value of plan assets | (B) | 2,459,264 |
| Projected benefit obligation in excess of plan assets | (C)=(A)+(B) | 550,217 |
| Unrecognized net obligation at transition | (D) | |
| Unrecognized net actuarial loss | (E) | (22,342) |
| Unrecognized prior service cost | (F) | (56,456) |
| Net amount recognized in the consolidated balance sheet | (G)=(C)+(D)+(E)+(F) | 471,418 |
| Prepaid pension costs | (H) | 536,189 |
| Reserve for retirement benefits | (G) (H) | (64,771) |

(*1) The table includes the substitutional portion of the employees pension funds.

(*2) Some overseas branches of domestic consolidated subsidiaries and some consolidated subsidiaries apply a simplified accounting method for calculating projected benefit obligations.

(*3) The table does not include the assets managed by the generally established employees pension funds.

3. Net periodic cost

| | (in millions of yen) For the fiscal year ended March 31, 2008 |
|---|---|
| Service cost | 44,301 |
| Interest cost | 48,099 |

| | |
|---|---|
| Expected return on plan assets | (91,742) |
| Amortization of unrecognized prior service cost | (11,884) |
| Amortization of unrecognized net actuarial loss | (20,183) |
| Other | 12,441 |
| Net periodic cost | (18,966) |

(*) Net periodic cost of the overseas branches of domestic consolidated subsidiaries and consolidated subsidiaries which apply a simplified accounting method are included primarily in service cost .

4. Assumptions and other policies used in calculation of projected benefit obligation

| | As of March 31, 2008 |
|---|---|
| (1) Discount rate | Domestic consolidated subsidiaries 1.50% to 2.50% |
| | Overseas consolidated subsidiaries 5.00% to 10.00% |
| (2) Expected return | Domestic consolidated subsidiaries 1.01% to 4.70% |
| | Overseas consolidated subsidiaries 4.50% to 8.50% |
| (3) Method used in allocation of estimated retirement benefits | Straight-line method |
| (4) Duration for amortization of unrecognized prior service cost | Primarily over 10 years (amortized as incurred by the straight-line method over a period within the average remaining years of service of the employees) |
| (5) Duration for amortization of unrecognized net actuarial loss | Primarily over 10 years (amortized in the year immediately following the year in which a gain or loss is recognized, by the straight-line method, over a period within the average remaining years of service of the employees) |

(Stock Options)

1. Stock options expensed for the fiscal year ended March 31, 2008

General and administrative expenses: ¥2,509 million

2. Outline of stock options and changes

(1) MUFG

A) Outline of stock options

| | Stock options of 2007 | |
|---|---|---|
| Number of grantees | Directors | 15 |
| | Corporate auditors | 5 |
| | Executive officers | 39 |
| | Directors and executive officers of subsidiaries of MUFG | 130 |
| Number of stock options (*1) | Common shares | 2,798,000 |
| Grant date | December 6, 2007 | |
| Condition for vesting | Retirement | |
| Required service period | June 28, 2007 to June 27, 2008 | |
| Exercise period | December 6, 2007 to December 5, 2037 | |

(*1) Shown in number of shares.

B) Size of stock options and changes

(a) Number of stock options (in shares)

| | Stock options of 2007 |
|---|---|
| Non-vested | |
| As of March 31, 2007 | |
| Granted | 2,798,000 |
| Forfeited | |
| Vested | |
| Outstanding | 2,798,000 |
| Vested | |
| As of March 31, 2007 | |
| Vested | |

| | |
|---|---|
| Exercised | |
| Forfeited | |
| Outstanding | |

(b) Price information (per share)

| | Stock options of 2007 |
|---|---|
| Exercise price | ¥ 1 |
| Average stock price upon exercise | |
| Fair value at grant date | ¥ 1,032 |

C) Calculation for fair value of stock options

The fair value of the stock options granted in the fiscal year ended March 31, 2008 is calculated as follows:

(a) Calculation method : The Black-Sholes Model

(b) Assumptions used in calculation

| | Stock options of 2007 |
|---|---|
| Volatility of stock price (*1) | 31.06% |
| Estimated remaining outstanding period (*2) | 4 years |
| Expected dividend (*3) | ¥ 11 per share |
| Risk-free interest rate (*4) | 0.95% |

(*1) Volatility of stock price is calculated based on the actual stock prices of MUFG during the four years from November 30, 2003 to November 29, 2007.

(*2) Estimated remaining outstanding period cannot be readily made due to lack of historical data. The average period of service of directors of MUFG and subsidiaries of MUFG is used.

(*3) The actual dividend on common stock for the fiscal year ended March 31, 2007.

(*4) Japanese government bond yield applicable to the estimated remaining outstanding period of the stock options.

D) Estimated number of stock options to be vested

The actual number of forfeited stock options alone is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

(2) kabu.com Securities Co., Ltd. (consolidated subsidiary)

A) Outline of stock options

| | 2003 stock options | | 2004 stock options | | 2006 stock options | |
|---|---|---|---|---|---|---|
| Number of grantees (*3) | Director | 1 | Director | 1 | Director | 1 |
| | Employees | 36 | Corporate auditor<br>Employees | 1<br><br>4 | Executive officer<br>Employees | 1<br><br>31 |
| Number of stock options (*1)(*2) | Common shares | | Common shares | | Common shares | |

| | | | |
|---|---|---|---|
| | 12,861 | 1,854 | 4,314 |
| Grant date | December 31, 2003 | April 30, 2004 | March 31, 2006 |
| Condition for vesting | Being a director, executive officer or employee of kabu.com Securities Co., Ltd. upon exercise | Being a director, executive officer or employee of kabu.com Securities Co., Ltd. upon exercise | Being a director, executive officer or employee of kabu.com Securities Co., Ltd. upon exercise |
| Required service period | N.A. | N.A. | N.A. |
| Exercise period | January 1, 2006 to December 31, 2010 | May 1, 2006 to December 31, 2010 | July 1, 2007 to June 30, 2012 |

(*1) Shown in numbers of shares.

(*2) The numbers of shares for the 2003 stock options and the 2004 stock options are adjusted by reflecting the 3 for 1 common stock splits effective on September 28, 2004 and July 20, 2005.

(*3) A corporate auditor, who is a grantee for the 2004 stock options, retired and was elected as a director by the general meeting of shareholders of kabu.com Securities Co., Ltd. on June 22, 2004.

B) Size of stock options and changes

(a) Number of stock options (in shares)

| | 2003 stock options | 2004 stock options | 2006 stock options |
|---|---|---|---|
| Non-vested | | | |
| As of March 31, 2007 | | | 3,753 |
| Granted | | | |
| Forfeited | | | 111 |
| Vested | | | 3,642 |
| Outstanding | | | |
| Vested | | | |
| As of March 31, 2007 | 4,185 | 846 | |
| Vested | | | 3,642 |
| Exercised | 3,375 | 333 | |
| Forfeited | 27 | | |
| Outstanding | 783 | 513 | 3,642 |

(b) Price information (per share)

| | 2003 stock options | 2004 stock options | 2006 stock options |
|---|---|---|---|
| Exercise price | ¥ 15,000 | ¥ 22,366 | ¥ 327,022 |
| Average stock price upon exercise (*1) | ¥ 117,000 | ¥ 135,486 | |
| Fair value at grant date (*2) | | | |

(*1) The exercise prices of the 2003 stock options and 2004 stock options are adjusted by reflecting the 3 for 1 common stock splits effective on September 28, 2004 and July 20, 2005.

(*2) Not applicable to stock options granted prior to the effective date of the Companies Act.

(3) Palace Capital Partners A Co., Ltd. (consolidated subsidiary)

A) Outline of stock options

| | 2007 stock options (1) | | 2007 stock options (2) | |
|---|---|---|---|---|
| Number of grantees | Directors | 2 | Director | 1 |
| | Executive officer | 1 | Employees | 9 |
| Number of stock options | Common shares 1,450 | | Common shares 1,130 | |
| Grant date | September 1, 2007 | | September 1, 2007 | |

| | | |
|---|---|---|
| Condition for vesting | Being a director, corporate auditor, executive officer or employee of Palace Capital Partners A Co., Ltd. or its subsidiary upon exercise unless retired of retirement age | Being a director, corporate auditor, executive officer or employee of Palace Capital Partners A Co., Ltd. or its subsidiary upon exercise unless retired of retirement age |
| Required service period | N.A. | N.A. |
| Exercise period | September 1, 2007 to August 31, 2012 | September 2, 2009 to August 31, 2012 |

B) Size of stock options and changes

(a) Number of stock options (in shares)

| | 2007 stock options (1) | 2007 stock options (2) |
|---|---|---|
| Non-vested | | |
| As of March 31, 2007 | | |
| Granted | 1,450 | 1,130 |
| Forfeited | | |
| Vested | 1,450 | |
| Outstanding | | 1,130 |
| Vested | | |
| As of March 31, 2007 | | |
| Granted | 1,450 | |
| Forfeited | | |
| Vested | | |
| Outstanding | 1,450 | |

(b) Price information (per share)

| | 2007 stock options (1) | 2007 stock options (2) |
|---|---|---|
| Exercise price | ¥ 1 | ¥ 99,972 |
| Average stock price upon exercise | | |
| Fair value at grant date | ¥ 99,971 | ¥ 0 |

C) Calculation for fair value of stock options

Because shares underlying the 2007 stock options, which were granted in this fiscal year, were unlisted as of grant date, an estimated intrinsic value is shown instead of fair value.

| | Stock options of 2007 |
|---|---|
| Valuation method for stock | Comparison to similar companies |
| Aggregate amount of intrinsic value of stock options as of March 31, 2008 | ¥144 million |
| Aggregate amount of intrinsic value of exercised stock options as of exercise date | |

D) Estimated number of stock options to be vested

The actual number of forfeited stock options alone is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

(Segment Information)

1. Business segment information

For the fiscal year ended March 31, 2008

(in millions of yen)

| | Banking | Trust Banking | Securities | Credit card | Other | Total | (Elimination) | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Ordinary income | | | | | | | | |
| from customers | 4,509,433 | 676,037 | 539,586 | 457,533 | 211,359 | 6,393,951 | | 6,393,951 |
| from internal transactions | 68,557 | 26,127 | 34,237 | 15,826 | 575,097 | 719,846 | (719,846) | |
| Total ordinary income | 4,577,991 | 702,165 | 573,824 | 473,360 | 786,456 | 7,113,798 | (719,846) | 6,393,951 |
| Ordinary expenses | 3,796,167 | 513,553 | 555,695 | 487,111 | 285,831 | 5,638,358 | (273,420) | 5,364,938 |
| Ordinary profits | 781,824 | 188,611 | 18,128 | (13,750) | 500,625 | 1,475,440 | (446,426) | 1,029,013 |
| Assets | 152,326,421 | 20,721,763 | 19,842,959 | 4,023,421 | 1,780,031 | 198,694,597 | (5,701,417) | 192,993,179 |
| Depreciation | 158,379 | 39,490 | 15,447 | 23,017 | 105,049 | 341,384 | | 341,384 |
| Capital expenditures | 273,856 | 32,244 | 39,253 | 25,050 | 134,815 | 505,220 | | 505,220 |

Notes:

1. Ordinary Income and Ordinary profit correspond to Net sales and Operating profit on the statement of income of companies in non-banking industries.

2. Other includes leasing.

3. Ordinary profit for Other includes 502,470 million yen of dividends from MUFG s domestic consolidated banking subsidiary and domestic consolidated trust banking subsidiary.

4. Depreciation for tangible fixed assets acquired after March 31, 2007, other than buildings (excluding fixtures) of a domestic consolidated banking subsidiary, is computed in accordance with the Corporate Tax Law as amended by the FY 2007 Tax Reform. The domestic consolidated banking subsidiary has re-examined its accounting treatment for the residual value of its buildings (excluding fixtures) based on historical and other date related to its disposition of buildings in accordance with the FY 2007 Tax Reform and determined that the residual value should be adjusted to a nominal amount. As a result of this re-examination, starting in the fiscal year ended March 31, 2008, the amended declining-balance method, under which buildings, regardless of the date of their acquisition, are depreciated to a nominal value at the end of their useful lives, as set forth in the Corporate Tax Law, is used as the new computation method for depreciation for buildings of the domestic consolidated banking subsidiary. This change resulted in increases in ordinary expenses by 10,309 million yen for Banking , 309 million yen for Trust Banking and 479 million yen for Securities and decreases in ordinary profits by the same amount for each segment. This change did not have a material impact on Credit Card and Other .

(Additional information)

The residual value of tangible fixed assets acquired prior to April 1, 2007, domestic consolidated banking subsidiary s buildings (excluding fixtures) is depreciated over 5 years by the straight-line method starting in the fiscal year immediately following the fiscal year in which the cumulative amount of depreciation has reached 95% of the acquisition cost.

This change resulted in increases in ordinary expenses by 1,932 million yen for Banking , 527 million yen for Trust Banking , 36 million yen for Securities and 79 million yen for Credit Card and decreases in ordinary profits by the same amount for each segment.

5. Upon its merger with DC Card Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., a consolidated subsidiary of MUFG, changed its grouping method for recognition and measurement of impairment losses on fixed assets. Assets related to the credit card business, which were previously grouped as one unit, were grouped into smaller business units which are consistent with the ongoing management and monitoring under the internal managerial accounting. This change was as a result of the operating system improvements and business restructuring following the merger. This change resulted in a 1,085 million yen decrease in ordinary expenses and a 1,085 million yen increase in ordinary profits for Credit Card .

2. Geographic segment information

For the fiscal year ended March 31, 2008

(in millions of yen)

| | Japan | North America | Latin America | Europe / Mid. East | Asia / Oceania | Total | (Elimination) | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Ordinary income | | | | | | | | |
| from customers | 4,587,855 | 837,473 | 10,672 | 619,655 | 338,294 | 6,393,951 | | 6,393,951 |
| from internal transactions | 175,745 | 65,887 | 156,986 | 109,735 | 65,608 | 573,964 | (573,964) | |
| Total ordinary income | 4,763,600 | 903,361 | 167,659 | 729,391 | 403,902 | 6,967,916 | (573,964) | 6,393,951 |
| Ordinary expenses | 4,044,118 | 769,566 | 114,636 | 705,189 | 337,461 | 5,970,972 | (606,033) | 5,364,938 |
| Ordinary profits | 719,482 | 133,795 | 53,022 | 24,201 | 66,441 | 996,943 | 32,069 | 1,029,013 |
| Assets | 160,973,522 | 16,746,913 | 3,836,246 | 21,294,510 | 10,105,599 | 212,956,792 | (19,963,612) | 192,993,179 |

Notes:

1. The above geographic segments have been determined considering various factors, including geographic proximity, similarity in economic activities involved and relevance in terms of business operations. Ordinary income and Ordinary profits correspond to Net sales and Operating profits on the statement of income of companies in non-banking industries.

2. North America includes United States and Canada. Latin America primarily includes Caribbean countries and Brazil. Europe/Middle East primarily includes United Kingdom, Germany and Netherlands. Asia/Oceania primarily includes Hong Kong, Singapore and China.

3. Depreciation for tangible fixed assets acquired after March 31, 2007, other than buildings (excluding fixtures) of a domestic consolidated banking subsidiary, is computed in accordance with the Corporate Tax Law as amended by the FY 2007 Tax Reform. The domestic consolidated banking subsidiary has re-examined its accounting treatment for the residual value of its buildings (excluding fixtures) based on historical and other date related to its disposition of buildings in accordance with the FY 2007 Tax Reform and determined that the residual value should be adjusted to a nominal amount. As a result of this re-examination, starting in the fiscal year ended March 31, 2008, the amended declining-balance method, under which buildings, regardless of the date of their acquisition, are depreciated to a nominal value at the end of their useful lives, as set forth in the Corporate Tax Law, is used as the new computation method for depreciation for buildings of the domestic consolidated banking subsidiary. This change resulted in increases in ordinary

expenses by 11,031 million yen for "Japan", 87 million yen for Europe / Mid. East and decreases in ordinary profits by the same amount for each segment. This change did not have a material impact on North America , Latin America and Asia / Oceania .

(Additional information)

The residual value of tangible fixed assets acquired prior to April 1, 2007, domestic consolidated banking subsidiary s buildings (excluding fixtures) is depreciated over 5 years by the straight-line method starting in the fiscal year immediately following the fiscal year in which the cumulative amount of depreciation has reached 95% of the acquisition cost.

This change resulted in increases in ordinary expenses by 2,539 million yen for Japan and 22 million yen for North America and decreases in ordinary profits by the same amount for each segment. This change did not have a material impact on Europe / Mid. East and Asia / Oceania .

4. Upon its merger with DC Card Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., a consolidated subsidiary of MUFG, changed its grouping method for recognition and measurement of impairment losses on fixed assets. Assets related to the credit card business, which were previously grouped as one unit, were grouped into smaller business units which are consistent with the ongoing management and monitoring under the internal managerial accounting. This change was as a result of the operating system improvements and business restructuring following merger. This change resulted in a 1,085 million yen decrease in ordinary expenses and a 1,085 million yen increase in ordinary profits for Japan .

3. Ordinary income from overseas operations

For the fiscal year ended March 31, 2008

| | (in millions of yen) |
|---|---|
| Ordinary income from overseas operations | 1,806,096 |
| Consolidated ordinary income | 6,393,951 |
| Share of ordinary income from overseas operations | 28.2% |

Notes:

1. Ordinary income from overseas operations corresponds to Net sales from overseas operations on the statement of income of companies in non-banking industries.

2. Ordinary income from overseas operations consists of income from operations of the overseas branches of MUFG s domestic consolidated banking subsidiaries and trust banking subsidiaries, and MUFG s overseas subsidiaries (excluding ordinary income from internal transactions).

Geographic segment information regarding ordinary income from overseas is not available.

(Related party transactions)

There are no material transactions with related parties to report for the fiscal year ended March 31, 2008.

(Per Share Information)

| For the fiscal year ended March 31, 2008 | | For the fiscal year ended March 31, 2007 | |
|---|---|---|---|
| Total net assets per common share | ¥727.98 | Total net assets per common share | ¥ 801,320.41 |
| Net income per common share | ¥ 61.00 | Net income per common share | ¥ 86,795.07 |
| Diluted net income per common share | ¥ 60.62 | Diluted net income per common share | ¥ 86,274.70 |

A 1,000 for 1 common stock split became effective on September 30, 2007.

Adjusted per share information for the FYE March 31, 2007 on the assumption that the stock split had been effective as of April 1, 2006 are as follows:

| | |
|---|---|
| Total net assets per common share: | ¥801.32 |
| Net income per common share: | ¥ 86.79 |
| Diluted net income per common share: | ¥ 86.27 |

1. Basis for computing net income per common share and diluted net income per common share

| | | For the fiscal year ended March 31, 2008 | For the fiscal year ended March 31, 2007 |
|---|---|---|---|
| Net income per common share | | | |
| Net income | million yen | 636,624 | 880,997 |
| Amounts not attributable to common shareholders | million yen | 7,929 | 8,376 |
| Total dividends on preferred stock | million yen | 7,929 | 8,376 |
| Net income attributable to common shares | million yen | 628,694 | 872,621 |
| Average number of common shares outstanding for the fiscal period | thousand shares | 10,306,055 | 10,053 |
| Diluted net income per common share | | | |
| Adjustments in net income | million yen | 661 | 1,126 |
| Total dividends on preferred stock | million yen | 668 | 1,126 |
| Adjustments made to reflect convertible securities of subsidiaries | million yen | (7) | |
| Common share equivalent | thousand shares | 74,586 | 73 |
| Preferred shares | thousand shares | 73,692 | 73 |
| Subscription rights to shares | thousand shares | 893 | |
| Convertible securities not diluting earnings per common share | | Preferred stock first series class 3<br><br>(100,000 thousand shares outstanding)<br>Subscription rights to shares:<br><br><br>kabu.com Securities Co., Ltd. | Preferred stock first series class 3<br>(100 thousand shares outstanding) |

1 type / 1,214 units

MU Hands-on Capital Ltd.

2 types / 620 units

Palace Capital Partners A Co., Ltd.

2 types / 2,580 units

44

2. Basis for computing total net assets per common share

| | | For the fiscal year ended March 31, 2008 | For the fiscal year ended March 31, 2007 |
|---|---|---|---|
| Total net assets | million yen | 9,599,708 | 10,523,700 |
| Amounts not attributable to common shareholders | million yen | 2,059,660 | 2,344,108 |
| Minority interests | million yen | 1,716,370 | 2,003,434 |
| Preferred stock | million yen | 336,801 | 336,801 |
| Total dividends on preferred stock | million yen | 3,980 | 3,872 |
| Subscription rights to shares | million yen | 2,509 | 0 |
| Net assets attributable to common shareholders | million yen | 7,540,047 | 8,179,591 |
| Number of common shares outstanding at the end of the fiscal period (excluding treasury shares) | thousand shares | 10,357,381 | 10,207 |

(Business combinations)

(Business combination between companies under common control of the parent company)

UFJ NICOS Co., Ltd. merged with DC Card Co., Ltd. on April 1, 2007 under the merger agreement that was approved by the board of directors on December 20, 2006. As both UFJ NICOS Co., Ltd. and DC Card Co., Ltd. were subsidiaries of MUFG, the merger was treated as a transaction between companies under common control of the parent company.

1. Summary information

(1) Company names and their main businesses

(a) Merging company

UFJ NICOS Co., Ltd. (Credit card business)

(b) Merged company

DC Card Co., Ltd. (Credit cared business)

(2) Date of the merger

April 1, 2007

(3) Legal form of the merger

UFJ NICOS Co., Ltd. was the surviving company and DC Card Co., Ltd. was the dissolved company.

(4) Name of the company after the merger

Mitsubishi UFJ NICOS Co., Ltd.

(5) Purpose of the merger

The purpose of the merger of the core credit card companies within MUFG Group is to establish a leading credit card company with a stable business base and solid profitability which is able to offer cutting-edge solutions to customers.

2. The accounting method

The share exchange was accounted for in accordance with the Comment on Accounting Standard for Business Combinations (FSA Business Accounting Council, October 31, 2003) and ASBJ Guidance No.10 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (December 27, 2005). As a result, goodwill and gains on changes in equity were recognized.

(1) Amount of goodwill: ¥3,244 million

(2) The cause of goodwill is the difference between increased value in the ownership and the acquisition cost.

(3) Depreciation: under the straight-line method over 20 years

(4) Amount of gains on changes in equity: ¥6,985 million

(Business combination to which purchase method was applied)

The Bank of Tokyo-Mitsubishi UFJ, Ltd., a consolidated subsidiary of MUFG, resolved to acquire shares of kabu.com Securities Co., Ltd., an equity method affiliate of MUFG, through a public tender offer at the meeting of its board of directors on March 5, 2007. The tender offer commenced on March 20, 2007 and was completed on April 18, 2007 and The Bank of Tokyo-Mitsubishi UFJ, Ltd. acquired 94,000 common shares of kabu.com Securities Co., Ltd. As a result of the tender offer, MUFG and its subsidiaries share of voting rights in kabu.com Securities Co., Ltd increased to 40.36%.

By the resolution of the general meeting of shareholders of kabu.com Securities Co., Ltd. on June 24, 2007, a majority of the board of directors of kabu.com Securities Co., Ltd. is occupied by persons (1) who are/were directors, executive officers or employees of MUFG or its subsidiaries and (2) are able to influence the financial and business policies of kabu.com Securities Co., Ltd. As a result, kabu.com Securities Co., Ltd. has become a consolidated subsidiary of MUFG.

1. Summary information

(1) Name: kabu.com Securities Co., Ltd.

(2) Main business: Securities business

(3) Capital as of March 31, 2007: ¥7,195 million

Total Assets as of March 31, 2007: ¥363,771 million

Number of employees as of March 31, 2007: 81

(4) Purpose of the consolidation

The purpose of the consolidation is to strengthen the integration among MUFG Group companies in internet based retail financial services.

(5) Date of the consolidation: June 24, 2007

(6) Legal form: Additional purchase of shares

(7) Additional share of voting rights: 9.50%

2. Results of operations of kabu.com Securities Co., Ltd. from April 1, 2007 to March 31, 2008 are reflected in the consolidated financial statements.

3. Cost of the acquisition of shares: ¥ 22,653 million

| | |
|---|---|
| Shares: | ¥ 22,560 million |
| Fees and charges: | ¥ 93 million |
| Total | ¥ 22,653 million |

4. Goodwill

(1) Amount of goodwill: ¥14,681 million

(2) The cause of goodwill is the difference between the increased value in the ownership and the acquisition costs.

(3) Depreciation: under the straight-line method over 20 years

5. Assets and liabilities increased by the consolidation

| | | |
|---|---|---|
| (1) Assets | Total assets: | ¥ 388,728 million |
| | Margin account assets: | ¥ 177,455 million |
| | Cash segregated as deposits for regulatory purpose: | ¥ 108,746 million |
| (2) Liabilities | Total liabilities: | ¥ 326,203 million |
| | Deposits received: | ¥ 122,695 million |
| | Margin account liabilities: | ¥ 120,394 million |

(Business combination between companies under common control of the parent company)

By way of a share exchange effective on September 30, 2007, Mitsubishi UFJ Securities Co., Ltd. has become a wholly-owned subsidiary of MUFG. This transaction was treated as one between companies under common control of the parent company.

1. Summary information

(1) Name: Mitsubishi UFJ Securities Co., Ltd.
Main business: Securities business

(2) Legal form: Share exchange

(3) Name of the company after the share exchange: Mitsubishi UFJ Securities Co., Ltd.

(4) Purpose of the consolidation

(a) MUFG Group has been actively pursuing its integrated group strategy and MUFG Group companies are being integrated as a unified group to deliver high-quality financial instruments and services.

(b) Direct financing is increasing in importance and business combinations are much more frequent because of the ongoing deregulation in the Japanese financial markets. MUFG Group is required to enhance, in compliance with laws and regulations, its promptness and effectiveness.

(c) To make Mitsubishi UFJ Securities Co., Ltd. a wholly-owned subsidiary is expected contribute to improving the efficiency and integration among MUFG Group companies

2. Accounting method

The share exchange was accounted for in accordance with the Comment on Accounting Standard for Business Combinations (FSA Business Accounting Council, October 31, 2003) and ASBJ Guidance No.10 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (December 27, 2005). As a result, goodwill was recognized.

3. Outline for the share exchange

(1) Cost of the acquisition of shares: ¥ 375,719 million

| | |
|---|---|
| Shares: | ¥ 375,526 million |
| Fees and charges: | ¥ 192 million |
| Total | ¥ 375,719 million |

(2) Share exchange ratio

(a) Share allotment: 1 MUFG share to each 1.02 shares of Mitsubishi UFJ Securities Co., Ltd.

(b) Basis for calculation of share exchange ratio

MUFG and Mitsubishi UFJ Securities Co., Ltd. deliberately examined the results of analysis and professional opinions relating to the share exchange ratio provided by third-party institutions which are designated separately to perform a fairness analysis relating to the share exchange ratio. As a result of subsequent negotiations between the two parties, the final ratio was decided.

In evaluating the terms and conditions of the share exchange, third-party institutions performed historical price analysis, precedent transaction analysis, discounted cash flow analysis and other relevant analyses. They reviewed and examined the results of such analysis comprehensively in preparing their opinions.

(c) Number of MUFG shares allotted: 277,857,563 shares

Total market value as of announcement: ¥375,719 million

(3) Goodwill

(a) Amount of goodwill: ¥96,335 million

(b) The cause of goodwill is the difference between the increased value in the ownership and the acquisition costs.

(c) Depreciation: under the straight-line method over 20 years

(Business divestiture)

Union Bank of California N.A. ( UBOC ) signed a definitive agreement to sell its retirement recordkeeping business to Prudential Retirement, a subsidiary of Prudential Financial, Inc., on November 29, 2007. The sale was completed on December 31, 2007.

1. Summary information

(1) Name of the purchaser:
Prudential Retirement, a subsidiary of Prudential Financial, Inc.

(2) Divested business:
Retirement recordkeeping business

(3) Primary reason for the divestiture:
The decision to exit the retirement recordkeeping business was based on UBOC s determination that it lacked scale while required to make significant investments in technology to remain competitive and profitable.

(4) Date of the divestiture:
December 31, 2007

(5) The Legal structure of the divestiture:
UBOC s sale of business to Prudential Retirement

2. Accounting treatment

| | |
|---|---|
| Proceed from the sale (*) | ¥ 11,516 million |
| Intangible assets | ¥ 706 million |
| Gains on business divestitures of subsidiaries: | ¥ 10,810 million |

(*) After deduction of ¥239 million of fees related to the sale

3. Income from the divested business for this fiscal year

| | |
|---|---|
| Ordinary income | ¥ 6,037 million |
| Ordinary expenses | ¥ 5,984 million |
| Ordinary profits | ¥ 52 million |

(Subsequent events)

Boards of Directors of MUFG and The Bank of Tokyo-Mitsubishi UFJ, Ltd., a consolidated subsidiary of MUFG, resolved to authorize the redemption in full of preferred securities issued by Tokai Preferred Capital Company L.L.C., a subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on April 28, 2008.

Summary of non-dilutive preferred securities to be redeemed

(Scheduled redemption date: June 30, 2008)

| | |
|---|---|
| Issuer | Tokai Preferred Capital Company L.L.C. |
| Type of issued securities | Non-cumulative preferred securities (the Preferred securities )<br><br>The holders of the Preferred securities are entitled to liquidating distributions substantially *pari pasu* with those of the preferred shares issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd., ranking most senior in priority of payment as to liquidation distributions. |
| Maturity | Perpetual<br><br>Provided, however, that on and after the dividend payment date in June 2008, the preferred securities may be redeemed at the option of the issuer, in whole or part, on any dividend payment date. |
| Dividends | On a non-cumulative basis at a fixed rate<br><br>Provided, however, that with respect to each dividend period after June 2008, dividends will be payable on a non-cumulative basis at a stepped-up floating rate. |
| Aggregate issue amount | USD 1,000,000,000.00 (USD 1,000.00 per security) |
| Closing date | March 26, 1998 |
| Redemption amount | USD 1,000,000,000.00 |
| Redemption price | USD 1,000.00 per security |

(Additional information)

(Underwriting of the third-party allotment of new shares of Mitsubishi UFJ NICOS Co., Ltd.)

MUFG resolved, at the meeting of the Board of Directors held on September 20, 2007, to underwrite the entirety of the ¥120 billion third-party allotment of new shares of Mitsubishi UFJ NICOS Co., Ltd. and acquired 400,000,000 common shares on November 6, 2007.

Outline of allotment

| | | |
|---|---|---|
| (1) | Payment due date: | November 6, 2007 |
| (2) | Total amount of payment: | ¥ 120 billion |
| (3) | Outstanding shares before allotment: | 1,022,924,559 shares |
| (4) | New shares: | 400,000,000 shares |
| (5) | Outstanding shares after allotment: | 1,422,924,559 shares |
| (6) | Allottee: | Mitsubishi UFJ Financial Group, Inc |

As a result of this transaction, ¥ 21,688 million of goodwill is recognized on balance sheet as of March 31, 2008.

Subject to approval of the general meeting of shareholders of Mitsubishi UFJ NICOS Co., Ltd., MUFG plans to make Mitsubishi UFJ NICOS Co., Ltd. a wholly owned subsidiary by using the share exchange which will be effective on August 1, 2008.

(Repurchase of common stock)

MUFG resolved, at the meeting of the Board of Directors held on October 31, 2007, to repurchase its own common stock. The objective of stock repurchase is to improve capital efficiency and expedite the implementation of flexible capital policies.

Outline of repurchase

| | | |
|---|---|---|
| (1) | Type of stock: | Common stock |
| (2) | Aggregate number of shares to be repurchased: | Up to 150,000,000 shares |
| (3) | Aggregate amount of fund to repurchase: | Up to ¥ 150 billion |
| (4) | Repurchase period: | From December 3, 2007 to March 24, 2008 |

The repurchase of common stock was terminated on December 13, 2007 pursuant to the aforementioned resolution.

Results of the repurchase are as follows.

| | | |
|---|---|---|
| (1) | Aggregate number of shares repurchased: | 126,513,900 shares |
| (2) | Aggregate amount of repurchase price: | ¥149,999,921,400 |
| (3) | Repurchase period: | From December 3, 2007 to December 13, 2007 |

(Other Notes)

There is no material information to report with regards to leasing transactions, tax effect accounting and derivative transactions.

**5. Non-consolidated Financial Statements**

**Non-consolidated Balance Sheets**

| (in millions of yen) | **As of March 31, 2008 (A)** | As of March 31, 2007 (B) | Increase (Decrease) (A) - (B) |
|---|---|---|---|
| Assets: | | | |
| Current assets: | | | |
| Cash and due from banks | **8,539** | 4,024 | 4,515 |
| Investment securities | **41,600** | 38,200 | 3,400 |
| Prepaid expenses | **812** | 2,640 | (1,828) |
| Deferred tax assets | **52** | | 52 |
| Accrued income | **1,213** | 8,644 | (7,431) |
| Accounts receivable | **109,108** | 100,540 | 8,568 |
| Other current assets | **48** | 43 | 4 |
| Total current assets | **161,375** | 154,094 | 7,281 |
| Fixed assets: | | | |
| Tangible fixed assets | **223** | 242 | (19) |
| Buildings | **21** | 40 | (18) |
| Equipment and furniture | **202** | 202 | (0) |
| Intangible fixed assets | **976** | 828 | 148 |
| Trademarks | **46** | 53 | (7) |
| Computer software | **927** | 773 | 154 |
| Other intangible fixed assets | **2** | 1 | 0 |
| Investments and other fixed assets | **7,658,423** | 7,339,463 | 318,959 |
| Investments in subsidiaries and affiliates | **7,661,510** | 7,346,602 | 314,907 |
| Allowance for losses on investments | **(3,087)** | (7,138) | 4,051 |
| Total fixed assets | **7,659,623** | 7,340,534 | 319,088 |
| Total assets | **7,820,998** | 7,494,629 | 326,369 |
| Liabilities: | | | |
| Current liabilities: | | | |
| Short-term borrowings | **174,000** | 57,380 | 116,620 |
| Current portion of long-term borrowings | **3,700** | 32,400 | (28,700) |
| Current portion of bonds and notes | **220,000** | 100,000 | 120,000 |
| Accounts payable | **985** | 821 | 163 |
| Accrued expenses | **1,140** | 1,641 | (501) |
| Income taxes payable | **4** | 3 | 0 |
| Deferred tax liabilities | | 3,433 | (3,433) |
| Deposits received | **249** | 266 | (17) |
| Reserve for bonuses | **330** | 211 | 118 |
| Reserve for bonuses to directors | **45** | | 45 |
| Other current liabilities | **0** | 0 | (0) |
| Total current liabilities | **400,455** | 196,159 | 204,295 |
| Fixed liabilities: | | | |
| Bonds | **330,000** | 550,000 | (220,000) |
| Long-term borrowings from subsidiaries and affiliates | **328,845** | 488,818 | (159,973) |
| Long-term Accounts payable | **491** | | 491 |
| Deferred tax liabilities | **4,185** | 5,524 | (1,339) |
| Total fixed liabilities | **663,521** | 1,044,343 | (380,821) |

| | | | |
|---|---|---|---|
| Total liabilities | **1,063,977** | 1,240,503 | (176,526) |
| Net assets: | | | |
| Shareholders equity: | | | |
| Capital stock | **1,383,052** | 1,383,052 | |
| Capital surplus | | | |
| Capital reserve | **1,383,070** | 1,383,070 | |
| Other capital surplus | **2,497,841** | 2,549,056 | (51,214) |
| Total capital surplus | **3,880,912** | 3,932,126 | (51,214) |
| Retained earnings | | | |
| Voluntary reserve | **150,000** | 150,000 | |
| Unappropriated retained earnings | **2,065,219** | 1,789,675 | 275,544 |
| Total retained earnings | **2,215,219** | 1,939,675 | 275,544 |
| Treasury stock | **(724,571)** | (1,000,728) | 276,157 |
| Total shareholders equity | **6,754,613** | 6,254,125 | 500,487 |
| Subscription rights to shares | **2,408** | | 2,408 |
| Total net assets | **6,757,021** | 6,254,125 | 502,895 |
| Total liabilities and net assets | **7,820,998** | 7,494,629 | 326,369 |

Mitsubishi UFJ Financial Group, Inc.

**Non-consolidated Statements of Income**

| (in millions of yen) | **For the fiscal year ended March 31, 2008 (A)** | For the fiscal year ended March 31, 2007 (B) | Increase (Decrease) (A) - (B) |
|---|---|---|---|
| Operating income: | | | |
| Dividends on investments in subsidiaries and affiliates | **507,456** | 499,060 | 8,395 |
| Management fees from subsidiaries and affiliates | **13,970** | 11,749 | 2,221 |
| Total operating income | **521,426** | 510,809 | 10,616 |
| Operating expenses: | | | |
| General and administrative expenses | **13,138** | 9,080 | 4,057 |
| Total operating expenses | **13,138** | 9,080 | 4,057 |
| Operating profits | **508,288** | 501,728 | 6,559 |
| Non-operating income: | | | |
| Interest on deposits | **5** | 0 | 5 |
| Interest on investment securities | **471** | 228 | 242 |
| Interest on tax refunds | **36** | 114 | (77) |
| Commissions on odd lot shares negotiated | **17** | 53 | (36) |
| Fees for software leases | **27** | 35 | (8) |
| Foreign exchange gains | **139** | | 139 |
| Other non-operating income | **41** | 57 | (15) |
| Total non-operating income | **739** | 489 | 250 |
| Non-operating expenses: | | | |
| Interest on borrowings | **11,067** | 15,797 | (4,730) |
| Interest on bonds and notes | **4,395** | 4,493 | (97) |
| Amortization on bond issuance costs | | 1 | (1) |
| Amortization on stock issuance costs | **628** | 87 | 541 |
| Expenses on sales of treasury stock | | 1,105 | (1,105) |
| Expenses on issuance of preferred equity | **1,011** | 2,613 | (1,601) |
| Other non-operating expenses | **131** | 84 | 46 |
| Total non-operating expenses | **17,235** | 24,183 | (6,948) |
| Ordinary profits | **491,792** | 478,035 | 13,757 |
| Extraordinary gains: | | | |
| Reversal of allowance for losses on investment securities | **4,051** | | 4,051 |
| Gains on liquidation of subsidiaries | **329** | 47 | 281 |
| Reversal of allowance for doubtful accounts | | 248 | (248) |
| Total extraordinary gains | **4,381** | 295 | 4,085 |
| Extraordinary losses: | | | |
| Losses on retirement of fixed assets | **6** | 31 | (25) |
| Losses on impairment of fixed assets | | 1 | (1) |
| Losses on sales of investments in subsidiaries and affiliates | **352** | | 352 |
| Losses on write-down of subsidiaries stock | **83,033** | | 83,033 |
| Payment for settlement of the litigation | | 2,500 | (2,500) |
| Other extraordinary losses | **720** | 0 | 720 |
| Total extraordinary losses | **84,112** | 2,532 | 81,579 |
| Income before income taxes | **412,061** | 475,798 | (63,736) |
| Income taxes-current | **3** | 3 | |
| Income taxes-deferred | **(4,825)** | 1,900 | (6,726) |
| Total income taxes | **(4,822)** | 1,904 | (6,726) |
| Net income | **416,883** | 473,893 | (57,009) |

**Non-consolidated Statements of Changes in Net Assets**

**(For the fiscal year ended March 31, 2008)**

(in millions of yen)

| | Shareholders equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital surplus | | Retained earnings | | | | | |
| | Capital stock | Capital reserve | Other capital surplus | Voluntary reserve | Unappropriated retained earnings | Treasury stock | Total shareholders equity | Subscription rights to shares | Total net assets |
| Balances as of March 31, 2007 | 1,383,052 | 1,383,070 | 2,549,056 | 150,000 | 1,789,675 | (1,000,728) | 6,254,125 | | 6,254,125 |
| Changes during the period | | | | | | | | | |
| Dividends from retained earnings | | | | | (141,339) | | (141,339) | | (141,339) |
| Net income | | | | | 416,883 | | 416,883 | | 416,883 |
| Acquisition of treasury stock | | | | | | (151,364) | (151,364) | | (151,364) |
| Disposition of treasury stock (other than share exchange) | | | (229) | | | 1,010 | 780 | | 780 |
| Share exchange | | | (50,985) | | | 426,511 | 375,526 | | 375,526 |
| Changes other than shareholders equity (net) | | | | | | | | 2,408 | 2,408 |
| Total changes during the period | | | (51,214) | | 275,544 | 276,157 | 500,487 | 2,408 | 502,895 |
| Balances as of March 31, 2008 | 1,383,052 | 1,383,070 | 2,497,841 | 150,000 | 2,065,219 | (724,571) | 6,754,613 | 2,408 | 6,757,021 |

**(For the fiscal year ended March 31, 2007)**

(in millions of yen)

| | Shareholders equity | | | | | | | Valuation and translation adjustments | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital surplus | | Retained earnings | | | | | |
| | Capital stock | Capital reserve | Other capital surplus | Voluntary reserve | Unappropriated retained earnings | Treasury stock | Total shareholders equity | Unrealized gains (losses) on securities available for sale | Total net assets |
| Balances as of March 31, 2006 | 1,383,052 | 3,577,570 | 356,167 | 150,000 | 1,418,943 | (773,135) | 6,112,598 | 135 | 6,112,733 |