

MITSUBISHI UFJ FINANCIAL GROUP INC  
Form 6-K  
November 21, 2007

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 6-K**

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**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

**For the month of November 21, 2007**

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**MITSUBISHI UFJ FINANCIAL GROUP, INC.**

(Translation of registrant's name into English)

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

Tokyo 100-8330, Japan

(Address of principal executive offices)

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[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  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]

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

Yes \_\_\_\_\_ No X

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**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: November 21, 2007

Mitsubishi UFJ Financial Group, Inc.

By: /S/ Ryutaro Kusama

Name: Ryutaro Kusama

Title: Chief Manager, General Affairs  
Corporate Administration Division

November 21, 2007

**Interim Consolidated Summary Report**

&lt;under Japanese GAAP&gt;

for the fiscal year ending 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  
 TEL (03) 3240-7200

Semi-annual securities report issuing date: December 27, 2007 (scheduled)  
 Dividend payment date: December 10, 2007 (scheduled)  
 Trading accounts: Established

**1. Consolidated financial data for the six months ended September 30, 2007**

(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 Profit |        | Net Income  |        |
|--------------------|-----------------|-------|-----------------|--------|-------------|--------|
|                    | million yen     | %     | million yen     | %      | million yen | %      |
| Six months ended   |                 |       |                 |        |             |        |
| September 30, 2007 | 3,250,225       | 14.4  | 497,539         | (25.0) | 256,721     | (49.4) |
| September 30, 2006 | 2,840,247       | 102.7 | 663,580         | 74.1   | 507,266     | 68.7   |
| FYE March 31, 2007 | 6,094,033       |       | 1,457,080       |        | 880,997     |        |

|                    | Net Income per Common Share |           | Diluted Net Income per Common Share |           |
|--------------------|-----------------------------|-----------|-------------------------------------|-----------|
|                    | yen                         |           | yen                                 |           |
| Six months ended   |                             |           |                                     |           |
| September 30, 2007 |                             | 24.76     |                                     | 24.62     |
| September 30, 2006 |                             | 50,454.49 |                                     | 49,669.82 |
| FYE March 31, 2007 |                             | 86,795.08 |                                     | 86,274.70 |

Income from investment in affiliates (Equity method)

Sep.30, 2007: 8,667 million yen

Sep.30, 2006: (39,584) million yen

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

**(2) Financial Condition**

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| As of              | Net Assets Attributable to<br>MUFG Shareholders |                                 |                      | Total Net Assets<br>per Common Share<br>yen | Risk-adjusted Capital Ratio (*1) |       |
|--------------------|---|---------------------------------|----------------------|---|----------------------------------|-------|
|                    | Total Assets<br>million yen                     | Total Net Assets<br>million yen | to Total Assets<br>% |   | %                                |       |
| September 30, 2007 | 189,894,404                                     | 10,574,436                      | 4.7                  | 812.54                                      | (Preliminary)                    | 12.65 |
| September 30, 2006 | 184,735,352                                     | 9,659,084                       | 4.2                  | 720,127.97                                  |                                  | 11.95 |
| March 31, 2007     | 187,281,022                                     | 10,523,700                      | 4.5                  | 801,320.41                                  |                                  | 12.58 |

Shareholders' equity as of

Sep.30, 2007: 8,859,216 million yen      Sep.30, 2006: 7,699,243 million yen      Mar.31, 2007: 8,520,265 million yen

(\*1) Beginning from the fiscal year ended March 31, 2007, 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). Risk-adjusted Capital Ratio as of September 30, 2006 was computed in accordance with the Notification of the Ministry of Finance No. 62, 1998.

**(3) Cash Flows**

| Six months ended   | Cash Flows from                     | Cash Flows from                     | Cash Flows from                     | Cash and Cash Equivalents<br>at the end of the period<br>million yen |
|--------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
|                    | Operating Activities<br>million yen | Investing Activities<br>million yen | Financing Activities<br>million yen |  |
| September 30, 2007 | (4,529,698)                         | 4,923,094                           | (141,779)                           | 3,238,898  |
| September 30, 2006 | (3,887,229)                         | 710,646                             | (286,187)                           | 2,770,796  |
| FYE March 31, 2007 | (4,405,492)                         | 1,446,600                           | (319,199)                           | 2,961,153  |

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

| Fiscal year ended (ending) | Dividends per Common Share |                 |               |
|----------------------------|----------------------------|-----------------|---------------|
|                            | Interim<br>yen             | Year-end<br>yen | Annual<br>yen |
| March 31, 2007             | 5,000.00                   | 6,000.00        | 11,000.00     |
| March 31, 2008             | 7.00                       |                 |               |
| March 31, 2008 (Forecast)  |                            | 7.00            | 14.00         |

(\*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, 2008 (Consolidated) (\*3)**

(% represents the change from the previous fiscal year)

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| Ordinary Income |     | Ordinary Profit |        | Net Income  |        | Net Income per Common Share |
|-----------------|-----|-----------------|--------|-------------|--------|-----------------------------|
| million yen     | %   | million yen     | %      | million yen | %      | yen                         |
| 6,500,000       | 6.7 | 1,150,000       | (21.1) | 600,000     | (31.9) | 57.47                       |

(\*3) Unchanged from forecasts announced on October 31, 2007

**4. Other****(1) Material changes in scope of consolidation during the period: None****(2) Changes in accounting policies during the period**

(A) There were changes due to revision of accounting standards. (\*1)

(B) There were no changes due to other reasons.

(\*1) 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**

|   |               |                       |               |                   |
|---|---------------|-----------------------|---------------|-------------------|
| (A) Total outstanding at the end of the period<br>(including Treasury shares) | Sep. 30, 2007 | 10,861,643,790 shares | Sep. 30, 2006 | 10,761,770 shares |
|   | Mar.31, 2007  | 10,861,643 shares     |               |                   |
| (B) Treasury shares   | Sep. 30, 2007 | 377,867,600 shares    | Sep. 30, 2006 | 653,689 shares    |
|   | Mar. 31, 2007 | 654,002 shares        |               |                   |

(\*2) Please refer to Per Share Information on page 40 for the number of shares used in computing net income per common share (consolidated). (Reference) Non-consolidated financial data for the six months ended September 30, 2007

**1. Non-consolidated financial data for the six months ended September 30, 2007****(1) Results of Operations**

(% represents the change from the previous fiscal year)

| Six months ended   | Operating Income |        | Operating Profit |        | Ordinary Profit |        | Net Income  |        | Net Income<br>per Common Share<br>yen |
|--------------------|------------------|--------|------------------|--------|-----------------|--------|-------------|--------|---------------------------------------|
|                    | million yen      | %      | million yen      | %      | million yen     | %      | million yen | %      |                                       |
| September 30, 2007 | 197,203          | 20.5   | 190,769          | 20.0   | 182,975         | 24.8   | 105,452     | (28.2) | 10.00                                 |
| September 30, 2006 | 163,604          | (13.4) | 158,979          | (14.3) | 146,600         | (17.6) | 146,830     | (18.1) | 14,331.29                             |
| FYE March 31, 2007 | 510,809          |        | 501,728          |        | 478,035         |        | 473,893     |        | 46,415.96                             |

**(2) Financial Condition**

Total Net Assets    Net Assets Ratio

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| As of              | Total Assets |             | %    | Total Net Assets |
|--------------------|--------------|-------------|------|------------------|
|                    | million yen  | million yen |      | per Common Share |
| September 30, 2007 | 7,677,262    | 6,669,958   | 86.9 | 603.57           |
| September 30, 2006 | 7,464,574    | 5,982,484   | 80.1 | 550,149.32       |
| March 31, 2007     | 7,494,629    | 6,254,125   | 83.4 | 579,243.59       |

Shareholders' equity as of

Sep. 30, 2007: 6,669,958 million yen      Sep. 30, 2006: 5,982,484 million yen      Mar. 31, 2007: 6,254,125 million yen

**2. Earnings forecasts for the Fiscal Year ending March 31, 2008 (Non-consolidated) (\*3)**

(% represents the change from the previous fiscal year)

| Operating Income |     | Ordinary Profit |     | Net Income  |        | Net Income per Common Share |       |
|------------------|-----|-----------------|-----|-------------|--------|-----------------------------|-------|
| million yen      | %   | million yen     | %   | million yen | %      | yen                         |       |
| 520,000          | 1.8 | 490,000         | 2.5 | 410,000     | (13.5) |                             | 39.14 |

(\*3) Revised from forecasts announced on May 23, 2007

\*Notes for using forecasted information etc.

1. Please refer to Revisions of Forecasts of Consolidated Earnings for the Six Months Ended September 30, 2007 and for the Fiscal Year Ending March 31, 2008 posted on October 31, 2007 and Revisions of Forecast of Non-consolidated Earnings for the Fiscal Year Ending March 31, 2008 on November 21, 2007 with regard to the revisions of earnings forecasts. The forecast for net income per common share is calculated based on forecasted average number of common shares outstanding for the fiscal year.
2. Please refer to Management Policy on page 10 with regard to the assumptions used and other related matters on the forecasted information.

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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, and Annual Report, and other current disclosures that the company has announced.

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(Dividends relating to Preferred Stocks)

Dividend per share relating to preferred stocks are as follows:

|  | Dividend per Share |                 |               |
|--|--------------------|-----------------|---------------|
|  | Interim<br>yen     | Year-end<br>yen | Annual<br>yen |
| Preferred Stock First Series of Class 3      |                    |                 |               |
| Fiscal year ended March 31, 2007             | 30,000.00          | 30,000.00       | 60,000.00     |
| Fiscal year ending March 31, 2008            | 30.00              |                 |               |
| Fiscal year ending March 31, 2008 (Forecast) |                    | 30.00           | 60.00         |

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

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

|  | Dividend per Share |                 |               |
|--|--------------------|-----------------|---------------|
|  | Interim<br>yen     | Year-end<br>yen | Annual<br>yen |
| Preferred Stock Class 12   |                    |                 |               |
| Fiscal year ended March 31, 2007                                     | 5,750.00           | 5,750.00        | 11,500.00     |
| Fiscal year ending March 31, 2008                                    | 5.75               |                 |               |
| Fiscal year ending March 31, 2008 (Forecast)                         |                    | 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 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<br>yen                             | Year-end<br>yen | Annual<br>yen |
| Common Stock                            | 5.00                                       | 6.00            | 11.00         |
| Preferred Stock First Series of Class 3 | 30.00                                      | 30.00           | 60.00         |

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|                          |      |      |       |
|--------------------------|------|------|-------|
| 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 |

Adjusted per share information for the FYE March 31, 2007 and the six months ended September 30, 2006 on the assumption that the stock split had been effective as of April 1, 2006 are as follows:

|                                     | Net Income<br>per Common Share<br>yen | Diluted Net Income<br>per Common Share<br>yen | Total Net Assets<br>per Common Share<br>yen |
|-------------------------------------|---------------------------------------|---|---|
| <b>Consolidated</b>                 |                                       |   |   |
| Six months ended September 30, 2006 | 50.45                                 | 49.67   | 720.13                                      |
| Fiscal year ended March 31, 2007    | 86.80                                 | 86.27   | 801.32                                      |

|                                     | Net Income<br>per Common Share<br>yen | Total Net Assets<br>per Common Share<br>yen |
|-------------------------------------|---------------------------------------|---|
| <b>Non-consolidated</b>             |                                       |   |
| Six months ended September 30, 2006 | 14.33                                 | 550.15                                      |
| Fiscal year ended March 31, 2007    | 46.42                                 | 579.24                                      |

## 1. Result of Operations and Financial Condition

### (1) Result of operations

With respect to the economic and financial environment in the first half of fiscal 2007, overseas economies generally remained firm with solid growth from European economies in addition to the continued strong growth of emerging economies such as China, despite the increased uncertainty in the United States economy from its housing market downturn. In Japan, the economy continued moderate expansion in spite of sluggish personal consumption due to a weakness in wages. This was enabled through growth in capital investments led by solid corporate earnings, along with growing exports. Meanwhile, consumer prices continued a slight decline.

In the financial environment, the U.S. federal funds target rate has been lowered by 0.5 percent to 4.75 percent in September in response to the subprime mortgage problem, and the European Central Bank has kept its key interest rate unchanged after raising the rate to 4.0 percent. The Bank of Japan has kept the uncollateralized overnight call rate target unchanged at 0.5 percent, but upward pressure on Japan's short-term interest rates slightly increased on the back of credit uneasiness. In the long-term interest rate market, the yield on ten-year Japanese government bonds temporarily rose in summer, but generally showed a downward trend with some fluctuation thereafter. In the foreign exchange market, the yen appreciated against the dollar on the back of the uncertainty in the U.S. economy triggered by the subprime mortgage problem.

Amidst this environment, consolidated ordinary profit for the six months ended September 30, 2007 was ¥497.5 billion, a decrease of ¥166.0 billion from the previous interim period. Consolidated net income for the six months ended September 30, 2007 was ¥256.7 billion, a decrease of ¥250.5 billion from the previous interim period.

Consolidated ordinary profit (loss) by business segment was; ¥400.4 billion for the banking segment, ¥108.5 billion for the trust banking segment, ¥36.0 billion for the securities segment, respectively, and an ordinary loss of ¥53.6 billion for the credit card segment. Ordinary profit by geographic segment was; ¥372.0 billion in Japan, ¥64.0 billion in North America, ¥16.8 billion in Europe and the Middle East, ¥29.6 billion in Asia and Oceania excluding Japan, and ¥23.8 billion in Latin America.

Mitsubishi UFJ Financial Group, Inc. ( MUFG ) has the following earning forecasts for the fiscal year ending March 31, 2008.

| Consolidated ordinary income | Consolidated ordinary profit | Consolidated net income |
|------------------------------|------------------------------|-------------------------|
| ¥6,500.0 billion             | ¥1,150.0 billion             | ¥600.0 billion          |

(Reference)

|  |         |
|--|---------|
| 1. Forecasted net income per common share (Consolidated):    | ¥ 57.47 |
| 2. Forecasted net income per common share (Non-consolidated) | ¥ 39.14 |
| 3. Forecasted dividends per share                            |         |
| Common stock:  | ¥ 14    |
| Preferred stock first series of class 3:                     | ¥ 60    |
| Preferred stock class 8:                                     | ¥ 15.90 |
| Preferred stock class 11:                                    | ¥ 5.30  |
| Preferred stock class 12:                                    | ¥ 11.50 |

**(2) Financial condition**

Total assets increased by ¥2,613.3 billion from March 31, 2007 to ¥189,894.4 billion at September 30, 2007, and total net assets increased by ¥50.7 billion from March 31, 2007 to ¥10,574.4 billion at September 30, 2007. With regards to major factors affecting the change in total net assets, retained earnings increased by ¥183.8 billion, and treasury stock decreased by ¥425.0 billion mainly in relation to making Mitsubishi UFJ Securities a wholly-owned subsidiary of MUFG, while net unrealized gains (losses) on securities available for sale decreased by ¥251.3 billion due to a decline of stock price, and minority interest decreased by ¥288.3 billion mainly in relation to making Mitsubishi UFJ Securities a wholly-owned subsidiary of MUFG etc.

With regards to assets, loans and bills discounted increased by ¥1,919.1 billion from March 31, 2007 to ¥86,751.0 billion at September 30, 2007 mainly due to increase in lending at overseas offices. Investment securities decreased by ¥5,217.3 billion from March 31, 2007 to ¥42,990.2 billion at September 30, 2007.

For the six months ended September 30, 2007, net cash used in operating activities were ¥4,529.6 billion, net cash provided by investing activities were ¥4,923.0 billion and net cash used in financing activities were ¥141.7 billion. As a result, the balance of cash and cash equivalents at September 30, 2007 was ¥3,238.8 billion.

MUFG's consolidated risk-adjusted capital ratio based on the Basel 2 Standards as of September 30, 2007 was 12.65 % (Preliminary basis), an increase of 0.06 percentage points from March 31, 2007.

The following table shows the MUFG's consolidated risk adjusted capital ratio as of March 31, 2007 and September 30, 2007.

|  | (in billions of yen) |                     |
|--|----------------------|---------------------|
|  | As of                | As of               |
|  | March 31,            | September 30,       |
|  | 2007                 | 2007                |
|  |                      | (Preliminary basis) |
| Tier 1 capital                           | 8,054.8              | 8,230.7             |
| Qualified Tier 2 capital                 | 5,718.2              | 5,644.6             |
| Qualified Tier 3 capital                 |                      |                     |
| Deductions from total qualifying capital | 423.9                | 415.9               |
| Net qualifying capital                   | 13,349.1             | 13,459.5            |
| Risk-adjusted assets                     | 106,048.2            | 106,396.2           |
| Risk-adjusted capital ratio              | 12.58%               | 12.65%              |

Beginning from March 31, 2007, 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**

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. From a medium term perspective, MUFG will aim to increase the dividend ratio to the consolidated net income to approximately 20%, after comprehensive consideration of its business performance and the environment for strategic investment, etc.

Based on this policy, MUFG, with respect to interim dividends for common stock for the six months ended September 30, 2007, has decided to pay ¥7 per share. With respect to interim dividends for preferred stock for the six months ended September 30, 2007, MUFG has decided to pay: for the first series of class 3 preferred stock, the prescribed amount of ¥30 per share; for class 8 preferred stock, the prescribed amount of ¥7.95 per share; for class 11 preferred stock, the prescribed amount of ¥2.65 per share; and for class 12 preferred stock, the prescribed amount of ¥5.75 per share.

With respect to the year-end dividends for common stock for fiscal year 2007, MUFG plans to pay ¥7 per share (which, together with the interim dividend, shall result in a total of ¥14 per share for the 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).

**(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;

Downgrade of our credit ratings and the negative effect on our treasury operations;

Failure to achieve certain business plans or operating targets;

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

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;

Possible negative effects related to owning our shares; 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, 252 subsidiaries (of which 252 are consolidated), as well as 46 affiliates (of which 44 are equity-method accounted affiliates, and 2 are non-equity-method accounted affiliates). 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:

(As of September 30, 2007)

- \*1) As of April 2, 2007, Bank of Tokyo-Mitsubishi UFJ (Luxembourg) S.A. changed its name to Mitsubishi UFJ Global Custody S.A.
- \*2) Mitsubishi UFJ Securities Co., Ltd. became a wholly owned subsidiary through the share exchange method.
- \*3) kabu.com Securities Co., Ltd., which was an affiliate, became a consolidated subsidiary as a result of the acquisition of shares by MUFG.
- \*4) UFJ NICOS Co., Ltd. has merged with DC Card Co., Ltd. with a merger date of April 1, 2007, and changed its name to Mitsubishi UFJ NICOS Co., Ltd.
- \*5) Diamond Lease Company Limited has merged with UFJ Central Leasing Co., Ltd. with a merger date of April 1, 2007, and changed its name to Mitsubishi UFJ Lease & Finance Company Limited.
- \*6) As of April 1, 2007, Diamond Computer Service Co., Ltd. changed its name to Mitsubishi Research Institute DCS Co., Ltd.



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. /  
Mitsubishi UFJ Lease & Finance Co., Ltd. / BOT Lease Co., Ltd. / Mitsubishi UFJ Factors Limited /  
MU Frontier Servicer Co., Ltd. / KOKUSAI Asset Management Co., Ltd. /  
Mitsubishi UFJ Asset Management Co., Ltd. / Mobit Co., Ltd. / UnionBanCal Corporation /  
PT U Finance Indonesia

Trust Banking: Mitsubishi UFJ Trust and Banking Corporation / The Master Trust Bank of Japan, Ltd. /  
Mitsubishi UFJ Trust & Banking Corporation (U.S.A.) / Mitsubishi UFJ Global Custody S.A. \*1

Securities: Mitsubishi UFJ Securities Co., Ltd. / kabu.com Securities Co., Ltd. \*2 /  
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: 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 UFJ-BRI Finance

\*1) Mitsubishi UFJ Global Custody S.A. has been reclassified from banking to trust banking as a result of changes to changes to the composition of investment in it and in consideration of the type of business that it pursues.

\*2) kabu.com Securities Co., Ltd. has been reclassified from Banking to Securities as a result of its becoming a consolidated subsidiary and in consideration of the type of business that it pursues.

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. Based on collaboration between 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.

(As of September 30, 2007)

### 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) Management target

MUFG Group has reviewed and formulated its Medium-term Business Plan (FY 2007 version) in February 2007. MUFG Group has set specific financial targets (FY 2009) as shown below, and will aim to achieve these targets.

FY 2006 Results

FY 2009 Targets

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|   |                     |                                  |
|---|---------------------|----------------------------------|
| Consolidated net operating profit* <sup>1</sup> | 1,636.6 billion yen | <b>Approx. 2,500 billion yen</b> |
| Consolidated expense ratio                      | 55.7%               | <b>Around 45%</b>                |
| Consolidated net income                         | 880.9 billion yen   | <b>Approx. 1,100 billion yen</b> |
| Consolidated ROE * <sup>2</sup>                 | 14.97%              | <b>Approx. 15%</b>               |

Macro-economic assumptions underlying the above figures:

|   | FY 2007 | FY 2008 | FY 2009 |
|---|---------|---------|---------|
| Unsecured call rate (period average)                    | 0.6%    | 1.0%    | 1.0%    |
| 10 year Japanese Government Bond Yield (period average) | 2.1%    | 2.5%    | 2.5%    |
| Dollar/Yen (value at end of period)                     | ¥ 115   | ¥ 115   | ¥ 115   |
| Real GDP growth rate (annual rate)                      | 1.8%    | 2.3%    | 1.6%    |

\*<sup>1</sup> Consolidated net business profits before consolidation adjustments such as elimination of internal transactions (management accounting basis, before amortization of goodwill)

\*<sup>2</sup> 
$$\frac{\text{Net income} - \text{Annual dividends on nonconvertible preferred stocks}}{\left\{ \left( \text{Total shareholders' equity at the beginning of the period} - \text{Number of nonconvertible preferred shares at the beginning of the period} \times \text{Issue price} + \text{Foreign currency translation adjustments at the beginning of the period} \right) + \left( \text{Total shareholders' equity at the end of the period} - \text{Number of nonconvertible preferred shares at the end of the period} \times \text{Issue price} + \text{Foreign currency translation adjustments at the end of the period} \right) \right\} / 2} \times 100$$

**(3) 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.

**(4) Key issues**

In fiscal 2006 and fiscal 2007, MUFG Group received a number of administrative orders with respect to compliance. We take these administrative orders very seriously, and have been steadily strengthening our compliance framework. We are seeking to further strengthen compliance by steadily and rapidly implementing the business improvement plan that we submitted to the authorities, and we intend to devote every effort to rapidly restoring trust in the group.

In February 2007 MUFG Group announced its Medium-term Business Plan (FY2007 version). In addition to strengthening compliance, as mentioned above, the plan outlines three additional key strategies as follows:

(1) Become one of the top five global financial institutions in terms of market capitalization by executing growth strategies

We aim to achieve the following financial targets in fiscal 2009: consolidated net operating income of approximately ¥2.5 trillion; consolidated net income of approximately ¥1.1 trillion; consolidated expense ratio of around 45%; and consolidated ROE of approximately 15%. 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, by pursuing an investment and alliance strategy focusing particularly on Asia, we are aiming for profits from overseas operations to comprise around 20% of total profits over the medium term.

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% (12.65% at end of the current interim period) and targeting a Tier 1 ratio of 8% (7.73% at the end of the current interim period). In regard to returns to shareholders we will strive to increase dividends in a sustainable manner, while over the medium term, we will work to raise the dividend payout ratio to around 20% of consolidated net income (12.7% in fiscal 2006).

(2) Complete full-scale systems integration and steadily realize the benefits of integration

We will continue to exert all efforts to achieve safe and secure systems integration, and realize the benefits of integration at an early stage.

(3) Maintain and strengthen the MUFG 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.

(Japanese GAAP)

Mitsubishi UFJ Financial Group, Inc.

**Mitsubishi UFJ Financial Group, Inc. (Consolidated)****Consolidated Balance Sheet**

|   | As of              | As of              | Increase         | As of              | Increase         |
|---|--------------------|--------------------|------------------|--------------------|------------------|
| (in millions of yen)  | September 30,      | September 30,      | (Decrease)       | March 31,          | (Decrease)       |
|   | 2007 (A)           | 2006 (B)           | (A) - (B)        | 2007 (C)           | (A) - (C)        |
| <b>Assets:</b>  |                    |                    |                  |                    |                  |
| Cash and due from banks   | 10,978,368         | 8,484,545          | 2,493,823        | 8,760,240          | 2,218,127        |
| Call loans and bills bought   | 1,235,519          | 2,095,108          | (859,588)        | 1,897,554          | (662,035)        |
| Receivables under resale agreements                                 | 5,619,000          | 3,050,745          | 2,568,255        | 4,173,178          | 1,445,822        |
| Receivables under securities borrowing transactions                 | 5,994,256          | 4,351,094          | 1,643,162        | 6,700,434          | (706,177)        |
| Commercial paper and other debt purchased                           | 4,856,581          | 3,628,498          | 1,228,083        | 4,241,859          | 614,721          |
| Trading assets  | 11,891,834         | 10,093,747         | 1,798,087        | 9,577,974          | 2,313,859        |
| Money held in trust   | 456,499            | 384,276            | 72,223           | 368,972            | 87,527           |
| Investment securities   | 42,990,263         | 47,766,403         | (4,776,140)      | 48,207,623         | (5,217,360)      |
| Allowance for losses on investment securities                       | (34,115)           | (21,718)           | (12,397)         | (26,150)           | (7,964)          |
| Loans and bills discounted  | 86,751,061         | 85,671,181         | 1,079,880        | 84,831,949         | 1,919,112        |
| Foreign exchanges   | 1,411,213          | 1,367,788          | 43,425           | 1,353,848          | 57,365           |
| Other assets  | 4,999,575          | 5,130,860          | (131,284)        | 4,714,204          | 285,370          |
| Tangible fixed assets   | 1,717,879          | 1,733,180          | (15,300)         | 1,697,105          | 20,773           |
| Intangible fixed assets   | 906,486            | 651,537            | 254,948          | 741,705            | 164,781          |
| Deferred tax assets   | 271,007            | 643,968            | (372,961)        | 259,144            | 11,862           |
| Customers liabilities for acceptances and guarantees                | 11,110,052         | 10,817,389         | 292,662          | 10,966,811         | 143,240          |
| Allowance for credit losses   | (1,261,081)        | (1,113,252)        | (147,828)        | (1,185,432)        | (75,648)         |
| <b>Total assets</b>   | <b>189,894,404</b> | <b>184,735,352</b> | <b>5,159,051</b> | <b>187,281,022</b> | <b>2,613,381</b> |
| <b>Liabilities:</b>   |                    |                    |                  |                    |                  |
| Deposits  | 117,630,832        | 115,602,910        | 2,027,921        | 118,708,663        | (1,077,831)      |
| Negotiable certificates of deposit                                  | 6,657,864          | 6,880,379          | (222,515)        | 7,083,233          | (425,368)        |
| Call money and bills sold   | 2,527,558          | 2,512,651          | 14,906           | 2,546,243          | (18,685)         |
| Payables under repurchase agreements                                | 8,451,563          | 7,248,841          | 1,202,721        | 8,214,875          | 236,688          |
| Payables under securities lending transactions                      | 6,609,067          | 5,596,344          | 1,012,722        | 5,135,235          | 1,473,831        |
| Commercial paper  | 685,459            | 477,920            | 207,539          | 607,902            | 77,557           |
| Trading liabilities   | 5,655,557          | 4,867,308          | 788,249          | 4,299,018          | 1,356,539        |
| Borrowed money  | 4,511,981          | 6,284,929          | (1,772,948)      | 4,810,735          | (298,754)        |
| Foreign exchanges   | 792,983            | 783,937            | 9,045            | 1,001,763          | (208,780)        |
| Short-term corporate bonds  | 593,600            | 764,500            | (170,900)        | 326,000            | 267,600          |
| Bonds and notes   | 6,476,523          | 6,580,221          | (103,698)        | 6,505,572          | (29,048)         |
| Bonds with warrants   |                    | 49,689             | (49,689)         | 49,656             | (49,656)         |
| Due to trust accounts   | 1,592,480          | 1,796,608          | (204,128)        | 1,542,448          | 50,031           |
| Other liabilities   | 5,318,114          | 4,291,590          | 1,026,524        | 4,326,742          | 991,372          |
| Reserve for employees bonuses                                       | 49,308             | 45,440             | 3,867            | 53,427             | (4,119)          |
| Reserve for bonuses to directors and corporate auditors             | 130                | 115                | 14               | 363                | (233)            |
| Reserve for retirement benefits                                     | 64,067             | 68,889             | (4,821)          | 66,524             | (2,456)          |
| Reserve for retirement benefits to directors and corporate auditors | 1,761              |                    | 1,761            |                    | 1,761            |
| Reserve for contingent losses                                       | 145,063            | 100,087            | 44,976           | 116,249            | 28,814           |
| Reserve for losses related to business restructuring                | 59,317             |                    | 59,317           |                    | 59,317           |
| Reserves under special laws   | 4,300              | 2,197              | 2,103            | 2,316              | 1,984            |
| Deferred tax liabilities  | 177,801            | 94,646             | 83,154           | 187,755            | (9,953)          |
| Deferred tax liabilities for land revaluation                       | 204,577            | 209,667            | (5,089)          | 205,782            | (1,204)          |
| Acceptances and guarantees  | 11,110,052         | 10,817,389         | 292,662          | 10,966,811         | 143,240          |

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|  |                    |             |           |             |           |
|--|--------------------|-------------|-----------|-------------|-----------|
| Total liabilities  | <b>179,319,967</b> | 175,076,268 | 4,243,698 | 176,757,322 | 2,562,645 |
| Net assets:  |                    |             |           |             |           |
| Capital stock  | <b>1,383,052</b>   | 1,383,052   |           | 1,383,052   |           |
| Capital surplus  | <b>1,865,918</b>   | 1,916,314   | (50,396)  | 1,916,300   | (50,382)  |
| Retained earnings  | <b>4,286,051</b>   | 3,781,944   | 504,106   | 4,102,199   | 183,851   |
| Treasury stock   | <b>(576,420)</b>   | (1,000,449) | 424,028   | (1,001,470) | 425,050   |
| Total shareholders' equity                                       | <b>6,958,601</b>   | 6,080,862   | 877,739   | 6,400,081   | 558,519   |
| Net unrealized gains (losses) on other securities, net of taxes  | <b>1,803,418</b>   | 1,592,453   | 210,964   | 2,054,813   | (251,395) |
| Net deferred gains (losses) on hedging instruments, net of taxes | <b>(60,107)</b>    | (66,887)    | 6,779     | (56,429)    | (3,678)   |
| Land revaluation excess, net of taxes                            | <b>147,499</b>     | 149,193     | (1,694)   | 148,281     | (782)     |
| Foreign currency translation adjustments                         | <b>9,804</b>       | (56,378)    | 66,183    | (26,483)    | 36,287    |
| Total valuation and translation adjustments                      | <b>1,900,614</b>   | 1,618,381   | 282,233   | 2,120,183   | (219,568) |
| Subscription rights to shares                                    | <b>87</b>          | 0           | 87        | 0           | 87        |
| Minority interests   | <b>1,715,132</b>   | 1,959,840   | (244,708) | 2,003,434   | (288,302) |
| Total net assets   | <b>10,574,436</b>  | 9,659,084   | 915,352   | 10,523,700  | 50,736    |
| Total liabilities and net assets                                 | <b>189,894,404</b> | 184,735,352 | 5,159,051 | 187,281,022 | 2,613,381 |

(Japanese GAAP)

Mitsubishi UFJ Financial Group, Inc.

**Mitsubishi UFJ Financial Group, Inc. (Consolidated)****Consolidated Statements of Income**

| (in millions of yen)   | For the<br>six months ended<br>September 30,<br>2007 (A) | For the<br>six months ended<br>September 30,<br>2006 (B) | Increase<br>(Decrease)<br>(A) - (B) | For the<br>fiscal year ended<br>March 31,<br>2007 (A) |
|--|--|--|-------------------------------------|---|
| <b>Ordinary income:</b>  |  |  |                                     |   |
| Interest income:   | <b>1,989,587</b>   | 1,643,285  | 346,301                             | 3,514,976   |
| (Interest on loans and bills discounted)   | <b>1,161,579</b>   | 1,004,134  | 157,444                             | 2,123,825   |
| (Interest and dividends on securities)   | <b>431,656</b>   | 364,164  | 67,492                              | 778,295   |
| Trust fees   | <b>78,972</b>  | 79,378   | (405)                               | 152,945   |
| Fees and commissions   | <b>638,809</b>   | 638,290  | 519                                 | 1,330,617   |
| Trading income   | <b>189,126</b>   | 133,827  | 55,299                              | 315,042   |
| Other business income  | <b>109,474</b>   | 180,441  | (70,966)                            | 331,646   |
| Other ordinary income  | <b>244,254</b>   | 165,023  | 79,230                              | 448,805   |
| <b>Total ordinary income</b>   | <b>3,250,225</b>   | 2,840,247  | 409,978                             | 6,094,033   |
| <b>Ordinary expenses:</b>  |  |  |                                     |   |
| Interest expenses:   | <b>1,024,054</b>   | 699,153  | 324,900                             | 1,613,422   |
| (Interest on deposits)   | <b>458,821</b>   | 324,693  | 134,128                             | 732,883   |
| Fees and commissions   | <b>91,610</b>  | 80,869   | 10,740                              | 171,993   |
| Other business expenses  | <b>94,699</b>  | 101,956  | (7,257)                             | 136,050   |
| General and administrative expenses  | <b>1,077,126</b>   | 1,030,306  | 46,820                              | 2,111,754   |
| Other ordinary expenses  | <b>465,195</b>   | 264,380  | 200,814                             | 603,732   |
| <b>Total ordinary expenses</b>   | <b>2,752,685</b>   | 2,176,666  | 576,019                             | 4,636,953   |
| <b>Ordinary profits</b>  | <b>497,539</b>   | 663,580  | (166,040)                           | 1,457,080   |
| <b>Extraordinary gains</b>   | <b>31,212</b>  | 224,534  | (193,321)                           | 132,123   |
| Gains on disposition of fixed assets   | <b>3,900</b>   | 3,805  | 94                                  | 11,008  |
| Reversal of allowance for credit losses  |  | 136,986  | (136,986)                           | 9,337   |
| Gains on loans written-off   | <b>20,326</b>  | 78,765   | (58,439)                            | 111,229   |
| Gains on changes in subsidiaries' equity   | <b>6,985</b>   |  | 6,985                               |   |
| Other extraordinary gains  |  | 4,975  | (4,975)                             | 549   |
| <b>Extraordinary losses</b>  | <b>79,028</b>  | 53,771   | 25,256                              | 80,473  |
| Losses on disposition of fixed assets  | <b>7,589</b>   | 8,197  | (608)                               | 21,044  |
| Losses on impairment of fixed assets   | <b>11,421</b>  | 6,266  | 5,155                               | 18,641  |
| Provision for reserve for contingent liabilities from securities transactions            |  | 138  | (138)                               | 257   |
| Provision for reserve for contingent liabilities from financial instruments transactions | <b>413</b>   |  | 413                                 |   |
| Provision for reserve for losses related to business restructuring                       | <b>59,603</b>  |  | 59,603                              |   |
| Provision for reserve for contingent losses related to system integration                |  | 39,168   | (39,168)                            | 40,530  |
| <b>Income before income taxes and others</b>   | <b>449,723</b>   | 834,343  | (384,619)                           | 1,508,730   |
| <b>Income taxes-current</b>  | <b>65,510</b>  | 51,155   | 14,355                              | 115,091   |



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|                       |                |         |           |         |
|-----------------------|----------------|---------|-----------|---------|
| Income taxes-deferred | <b>127,914</b> | 241,851 | (113,937) | 413,731 |
| Minority interests    | <b>(421)</b>   | 34,069  | (34,491)  | 98,910  |
| Net income            | <b>256,721</b> | 507,266 | (250,545) | 880,997 |

(Japanese GAAP)

Mitsubishi UFJ Financial Group, Inc.

**Mitsubishi UFJ Financial Group, Inc. (Consolidated)**

**Consolidated Statement of Changes in Net Assets (from April 1, 2007 to September 30, 2007)**

(in millions of yen)

|  | Shareholders' equity |                    |                      |                   | Total<br>shareholders<br>equity | Net   |  | Valuation and translation adjustments<br>Net   |   |   | Subscription<br>rights to<br>shares | Minority<br>interests | Total<br>net assets |
|--|----------------------|--------------------|----------------------|-------------------|---------------------------------|---|--|--|---|---|-------------------------------------|-----------------------|---------------------|
|  | Capital<br>stock     | Capital<br>surplus | Retained<br>earnings | Treasury<br>stock |                                 | unrealized<br>gains (losses)<br>on other<br>securities,<br>net of taxes | deferred<br>gains (losses)<br>on hedging<br>instruments,<br>net of taxes | Land<br>revaluation<br>excess,<br>net of taxes | Foreign<br>currency<br>translation<br>adjustments | Total<br>valuation<br>and<br>translation<br>adjustments |                                     |                       |                     |
| Assets as of April 1,  | 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             | 10,523,000          |
| Changes during the period:                                   |                      |                    |                      |                   |                                 |   |  |  |   |   |                                     |                       |                     |
| Increase in retained earnings                                |                      |                    | (64,589)             |                   | (64,589)                        |   |  |  |   |   |                                     |                       | (64,589)            |
| Increase in income   |                      |                    | 256,721              |                   | 256,721                         |   |  |  |   |   |                                     |                       | 256,721             |
| Issuance of treasury stock                                   |                      |                    |                      | (2,315)           | (2,315)                         |   |  |  |   |   |                                     |                       | (2,315)             |
| Issuance of treasury stock                                   |                      | (50,382)           |                      | 427,366           | 376,984                         |   |  |  |   |   |                                     |                       | 376,984             |
| Cancellation of shares, net of                               |                      |                    | 836                  |                   | 836                             |   |  |  |   |   |                                     |                       | 836                 |
| Changes in accounting standards in consolidated subsidiaries |                      |                    | (9,116)              |                   | (9,116)                         |   |  |  |   |   |                                     |                       | (9,116)             |
| Changes in other   |                      |                    |                      |                   |                                 |   |  |  |   |   |                                     |                       |                     |
| Changes in shareholders' equity                              |                      |                    |                      |                   |                                 | (251,395)   | (3,678)  | (782)  | 36,287  | (219,568)   | 87                                  | (288,302)             | (507,391)           |
| Changes during the period                                    | (50,382)             | 183,851            | 425,050              | 558,519           | 558,519                         | (251,395)   | (3,678)  | (782)  | 36,287  | (219,568)   | 87                                  | (288,302)             | 507,391             |
| Assets as of September 30,                                   | 1,383,052            | 1,865,918          | 4,286,051            | (576,420)         | 6,958,601                       | 1,803,418   | (60,107)   | 147,499  | 9,804   | 1,900,614   | 87                                  | 1,715,132             | 10,574,000          |



(Japanese GAAP)

Mitsubishi UFJ Financial Group, Inc.

**Mitsubishi UFJ Financial Group, Inc. (Consolidated)**

**Consolidated Statement of Changes in Net Assets (from April 1, 2006 to September 30, 2006)**

(in millions of yen)

|   | Shareholders' equity |                    |                      |                   | Total<br>shareholders<br>equity | Net   |  | Valuation and translation adjustments<br>Net   |   |   | Subscription<br>rights to<br>shares | Minority<br>interests | Total<br>net assets |
|---|----------------------|--------------------|----------------------|-------------------|---------------------------------|---|--|--|---|---|-------------------------------------|-----------------------|---------------------|
|   | Capital<br>stock     | Capital<br>surplus | Retained<br>earnings | Treasury<br>stock |                                 | unrealized<br>gains (losses)<br>on other<br>securities,<br>net of taxes | deferred<br>gains (losses)<br>on hedging<br>instruments,<br>net of taxes | Land<br>revaluation<br>excess,<br>net of taxes | Foreign<br>currency<br>translation<br>adjustments | Total<br>valuation<br>and<br>translation<br>adjustments |                                     |                       |                     |
| Balance as of April 1, 2006   | 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             | 9,826,888           |
| Changes during the period   |                      |                    | (48,808)             |                   | (48,808)                        |   |  |  |   |   |                                     |                       |                     |
| Transfer of retained earnings to surplus  |                      |                    | (163)                |                   | (163)                           |   |  |  |   |   |                                     |                       |                     |
| Transfer of retained earnings to treasury stock   |                      |                    | 507,266              |                   | 507,266                         |   |  |  |   |   |                                     |                       |                     |
| Issuance of treasury stock  |                      |                    |                      | (290,610)         | (290,610)                       |   |  |  |   |   |                                     |                       | (290,610)           |
| Issuance of treasury stock  |                      | 463                |                      | 64,102            | 64,565                          |   |  |  |   |   |                                     |                       | 64,565              |
| Revaluation of investments, net of taxes  |                      |                    | 943                  |                   | 943                             |   |  |  |   |   |                                     |                       |                     |
| Change in valuation of investments accounted for by the consolidation method                  |                      |                    | (2,003)              |                   | (2,003)                         |   |  |  |   |   |                                     |                       | (2,003)             |
| Change in valuation of consolidated subsidiaries arising from changes in accounting standards |                      |                    | (1,270)              |                   | (1,270)                         |   |  |  |   |   |                                     |                       | (1,270)             |
| Other changes   |                      | (4)                |                      |                   | (4)                             |   |  |  |   |   |                                     |                       | (4)                 |
| Balance as of September 30, 2006  |                      |                    |                      |                   |                                 | (177,071)   | (66,887)   | (340)  | (14,210)  | (258,509)   |                                     | (138,671)             | (397,088)           |

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|                         |           |           |           |             |           |           |          |          |           |           |                    |
|-------------------------|-----------|-----------|-----------|-------------|-----------|-----------|----------|----------|-----------|-----------|--------------------|
| changes<br>g the<br>d   | 459       | 455,964   | (226,507) | 229,915     | (177,071) | (66,887)  | (340)    | (14,210) | (258,509) | (138,671) | (167,              |
| nces as of<br>ember 30, | 1,383,052 | 1,916,314 | 3,781,944 | (1,000,449) | 6,080,862 | 1,592,453 | (66,887) | 149,193  | (56,378)  | 1,618,381 | 0 1,959,840 9,659, |

(Japanese GAAP)

Mitsubishi UFJ Financial Group, Inc.

**Mitsubishi UFJ Financial Group, Inc. (Consolidated)**

**Consolidated Statement of Changes in Net Assets (from April 1, 2006 to March 31, 2007)**

(in millions of yen)

|   | Shareholders' equity |                 |                   |                | Total shareholders' equity | Valuation and translation adjustments                   |                                       |  |  |   |                               |                    | Total     |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|---|---------------------------------------|--|--|---|-------------------------------|--------------------|-----------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury stock |                            | Net gains (losses) on hedging instruments, net of taxes | Land revaluation excess, net of taxes | Foreign currency translation adjustments | Deferred Net gains (losses) on hedging instruments, net of taxes | Total valuation and translation adjustments | Subscription rights to shares | Minority interests |           |
| Balances as of March 31, 2006   | 1,383,052            | 1,915,855       | 3,325,980         | (773,941)      | 5,850,946                  | 1,769,525   |                                       | (42,168)                                 |  | 1,876,891                                   | 0                             | 2,098,512          | 9,826,300 |
| Changes during the period   |                      |                 |                   |                |                            |   |                                       |  |  |   |                               |                    |           |
| Dividends in retained earnings  |                      |                 | (103,150)         |                | (103,150)                  |   |                                       |  |  |   |                               |                    | (103,150) |
| Changes due to exchange rate factors and corporate reorganizations                  |                      |                 | (163)             |                | (163)                      |   |                                       |  |  |   |                               |                    | (163)     |
| Net income  |                      |                 | 880,997           |                | 880,997                    |   |                                       |  |  |   |                               |                    | 880,997   |
| Acquisition of treasury stock   |                      |                 |                   | (292,199)      | (292,199)                  |   |                                       |  |  |   |                               |                    | (292,199) |
| Disposition of treasury stock   |                      | 451             |                   | 64,669         | 65,121                     |   |                                       |  |  |   |                               |                    | 65,121    |
| Revaluation of investments, net of taxes  |                      |                 | 1,311             |                | 1,311                      |   |                                       |  |  |   |                               |                    | 1,311     |
| Increase in consolidated subsidiaries   |                      |                 | (16)              |                | (16)                       |   |                                       |  |  |   |                               |                    | (16)      |
| Increase in consolidated subsidiaries accounted for under the equity method         |                      |                 | (2,003)           |                | (2,003)                    |   |                                       |  |  |   |                               |                    | (2,003)   |
| Increase in consolidated subsidiaries resulting from changes in accounting standard |                      |                 | (1,270)           |                | (1,270)                    |   |                                       |  |  |   |                               |                    | (1,270)   |

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|                    |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
|--------------------|-----------|-----------|-----------|-------------|-----------|-----------|----------|---------|----------|-----------|---|-----------|----------|--|
| Recognized         |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Material           |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Reference          |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| based on           |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Accounting         |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Standard for       |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Preparation        |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Benefits in        |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
|                    |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Changes            |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Items other        |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Shareholders       |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Equity             |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
|                    |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Additional changes |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| During the         |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Period             |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
|                    |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| Amounts as         |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| March 31,          |           |           |           |             |           |           |          |         |          |           |   |           |          |  |
| 2017               | 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 |  |

(Japanese GAAP)

Mitsubishi UFJ Financial Group, Inc.

**Mitsubishi UFJ Financial Group, Inc. (Consolidated)****Consolidated Statements of Cash Flows**

| (in millions of yen)   | For the six months<br>ended<br>September 30,<br>2007 (A) | For the six months<br>ended<br>September 30,<br>2006 (A) | Increase<br>(Decrease)<br>(A) - (B) | For the fiscal year<br>ended<br>March 31, 2007 |
|--|--|--|-------------------------------------|--|
| <b>Cash flows from operating activities:</b>   |  |  |                                     |  |
| Income before income taxes and others  | 449,723  | 834,343  | (384,619)                           | 1,508,730                                      |
| Depreciation   | 161,446  | 158,181  | 3,265                               | 318,375  |
| Impairment losses  | 11,421   | 6,266  | 5,155                               | 18,641   |
| Amortization of goodwill   | 5,525  | 4,476  | 1,049                               | 9,047  |
| Amortization of negative goodwill  | (4,364)  | (2,134)  | (2,229)                             | (3,210)  |
| Equity in losses (gains) of affiliates   | (8,667)  | 39,584   | (48,252)                            | 80,621   |
| Increase (decrease) in allowance for credit losses   | 65,797   | (220,972)  | 286,769                             | (127,843)                                      |
| Increase (decrease) in allowance for losses on investment securities                       | 7,964  | (5,466)  | 13,431                              | (510)  |
| Increase (decrease) in reserve for employees' bonuses                                      | (4,735)  | (5,600)  | 865                                 | 1,226  |
| Increase (decrease) in reserve for bonuses to directors and corporate auditors             | (233)  | 115  | (349)                               | 363  |
| Increase (decrease) in reserve for retirement benefits                                     | (2,807)  | (12,581)   | 9,773                               | (16,266)                                       |
| Increase (decrease) in reserve for retirement benefits to directors and corporate auditors | 519  |  | 519                                 |  |
| Increase (decrease) in reserve for contingent losses                                       | 28,420   | 58,860   | (30,440)                            | 75,010   |
| Increase (decrease) in reserve for losses related to business restructuring                | 59,317   |  | 59,317                              |  |
| Interest income recognized on statements of income   | (1,989,587)  | (1,643,285)  | (346,301)                           | (3,514,976)                                    |
| Interest expenses recognized on statements of income                                       | 1,024,054  | 699,153  | 324,900                             | 1,613,422                                      |
| Losses (gains) on investment securities  | (43,491)   | 728  | (44,220)                            | (108,292)                                      |
| Losses (gains) on money held in trust  | (8,924)  | (7,335)  | (1,588)                             | (8,056)  |
| Foreign exchange losses (gains)  | 67,959   | (131,031)  | 198,990                             | (301,193)                                      |
| Losses (gains) on sales of fixed assets  | 3,688  | 4,391  | (702)                               | 10,036   |
| Net decrease (increase) in trading assets  | (2,218,659)  | (5,702)  | (2,212,956)                         | 573,194  |
| Net increase (decrease) in trading liabilities   | 1,304,018  | 493,112  | 810,905                             | (121,042)                                      |
| Adjustment of unsettled trading accounts   | 460,557  | 8,001  | 452,556                             | 68,420   |
| Net decrease (increase) in loans and bills discounted                                      | (1,477,139)  | (18,140)   | (1,458,999)                         | 1,047,379                                      |
| Net increase (decrease) in deposits  | (1,312,254)  | (3,274,285)  | 1,962,030                           | (395,600)                                      |
| Net increase (decrease) in negotiable certificates of deposit                              | (442,261)  | 294,266  | (736,527)                           | 494,550  |
| Net increase (decrease) in borrowed money (excluding subordinated borrowings)              | (380,676)  | 3,235,497  | (3,616,173)                         | 1,838,176                                      |
| Net decrease (increase) in due from banks (excluding cash equivalents)                     | (1,914,051)  | 389,821  | (2,303,873)                         | 347,774  |
| Net decrease (increase) in call loans and bills bought and others                          | (1,162,087)  | (2,530,353)  | 1,368,266                           | (3,953,536)                                    |
| Net decrease (increase) in receivables under securities borrowing transactions             | 724,104  | 1,081,208  | (357,103)                           | (1,245,753)                                    |
| Net increase (decrease) in call money and bills sold and others                            | (12,461)   | (4,575,674)  | 4,563,213                           | (3,657,635)                                    |
| Net increase (decrease) in commercial paper  | 66,898   | 173,138  | (106,239)                           | 297,116  |
| Net increase (decrease) in payables under securities lending transactions                  | 1,425,763  | 1,251,548  | 174,214                             | 765,947  |
| Net decrease (increase) in foreign exchanges (assets)                                      | (56,636)   | (99,971)   | 43,334                              | (85,974)                                       |
| Net increase (decrease) in foreign exchanges (liabilities)                                 | (208,817)  | (528,628)  | 319,810                             | (310,822)                                      |
| Net increase (decrease) in issuance and redemption of short-term corporate bonds           | 267,600  | 273,800  | (6,200)                             | (164,700)                                      |
|  | (63,548)   | (161,529)  | 97,980                              | (428,481)                                      |



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Net increase (decrease) in issuance and redemption of  
unsubordinated bonds and notes

|   |           |           |           |             |
|---|-----------|-----------|-----------|-------------|
| Net increase (decrease) in due to trust account | 50,031    | (632,459) | 682,491   | (886,620)   |
| Interest income (cash basis)                    | 1,933,926 | 1,605,456 | 328,469   | 3,412,011   |
| Interest expenses (cash basis)                  | (990,707) | (666,268) | (324,438) | (1,551,083) |
| Other   | (276,073) | 102,945   | (379,018) | 132,554     |

|              |             |             |           |             |
|--------------|-------------|-------------|-----------|-------------|
| Sub-total    | (4,459,445) | (3,806,522) | (652,923) | (4,268,995) |
| Income taxes | (70,253)    | (80,707)    | 10,454    | (136,496)   |

Net cash provided by (used in) operating activities (4,529,698) (3,887,229) (642,469) (4,405,492)

Cash flows from investing activities:

|   |              |              |             |              |
|---|--------------|--------------|-------------|--------------|
| Purchases of investment securities  | (27,330,388) | (32,606,755) | 5,276,367   | (62,209,264) |
| Proceeds from sales of investment securities  | 18,683,119   | 14,521,276   | 4,161,843   | 35,571,860   |
| Proceeds from redemption of investment securities   | 13,755,057   | 18,943,485   | (5,188,428) | 28,426,379   |
| Increase in money held in trust   | (129,798)    | (17,666)     | (112,131)   | (46,142)     |
| Decrease in money held in trust   | 150,473      | 57,773       | 92,700      | 102,357      |
| Purchases of tangible fixed assets  | (115,145)    | (124,169)    | 9,024       | (222,603)    |
| Purchases of intangible fixed assets  | (123,376)    | (76,192)     | (47,183)    | (196,342)    |
| Proceeds from sales of tangible fixed assets  | 5,530        | 12,748       | (7,217)     | 20,880       |
| Proceeds from sales of intangible fixed assets  | 14           | 128          | (114)       | 170          |
| Additional purchases of equity of consolidated subsidiaries                               | (822)        | (688)        | (133)       | (1,733)      |
| Proceeds from sales of equity of consolidated subsidiaries                                | 250          | 708          | (457)       | 1,269        |
| Decrease related to purchases of subsidiaries equity affecting the scope of consolidation |              |              |             | (230)        |
| Increase related to purchases of subsidiaries equity affecting the scope of consolidation | 28,179       |              | 28,179      |              |

Net cash provided by (used in) investing activities 4,923,094 710,646 4,212,447 1,446,600

Cash flows from financing activities:

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Increase in subordinated borrowings                                | 122,000   | 108,000   | 14,000    | 179,000   |
| Decrease in subordinated borrowings                                | (196,300) | (40,500)  | (155,800) | (207,500) |
| Increase in subordinated bonds and notes and bonds with warrants   | 210,740   | 297,083   | (86,343)  | 582,391   |
| Decrease in subordinated bonds and notes and bonds with warrants   | (165,182) | (192,730) | 27,548    | (314,587) |
| Proceeds from issuance of common stock to minority shareholders    | 3,843     | 5,517     | (1,673)   | 232,806   |
| Purchases of common stock from minority shareholders               |           | (120,000) | 120,000   | (120,000) |
| Decrease in redemption of preferred stock                          |           |           |           | (218,000) |
| Dividend paid by MUFG  | (64,589)  | (48,808)  | (15,781)  | (103,150) |
| Dividend paid by subsidiaries to minority shareholders             | (47,494)  | (38,967)  | (8,527)   | (70,721)  |
| Purchases of treasury stock  | (1,225)   | (290,591) | 289,366   | (292,181) |
| Proceeds from sales of treasury stock                              | 672       | 65,060    | (64,388)  | 67,181    |
| Purchases of treasury stock by consolidated subsidiaries           | (4,259)   | (30,563)  | 26,304    | (54,756)  |
| Proceeds from sales of treasury stock by consolidated subsidiaries | 15        | 317       | (301)     | 325       |
| Other  |           | (4)       | 4         | (6)       |

Net cash provided by (used in) financing activities (141,779) (286,187) 144,408 (319,199)

Effect of foreign exchange rate changes on cash and cash equivalents 26,128 (5,492) 31,620 (3,138)

Net increase (decrease) in cash and cash equivalents 277,744 (3,468,263) 3,746,007 (3,281,229)

Cash and cash equivalents at the beginning of the fiscal year 2,961,153 6,238,548 (3,277,395) 6,238,548

Increase in cash and cash equivalents due to consolidation of subsidiaries 510 (510) 510

Decrease in cash and cash equivalents due to deconsolidation of subsidiaries (191)

Increase in cash and cash equivalents due to merger of consolidated subsidiaries 3,514

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|   |                  |           |         |           |
|---|------------------|-----------|---------|-----------|
| Cash and cash equivalents at the end of the fiscal period | <b>3,238,898</b> | 2,770,796 | 468,101 | 2,961,153 |
|---|------------------|-----------|---------|-----------|

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

## 1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 252

Principal companies:

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

In the current fiscal year, kabu.com Securities Co., Ltd. and 5 other companies were newly consolidated following their organization or for other reasons.

In the current fiscal year, DC Card Co., Ltd. and 6 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.

(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.

Since this company was established as a property management agent for a land trust project, MUFG's control of this company is restricted by the originators and co-trustees of the land.

(C) THCAP investment Limited Partnership

Shonan Sangakurenkei Fund investment Limited Partnership

Gunma Challenge Fund investment Limited Partnership

FOODSNET Corporation and 2 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: 44  
Principal companies

The Chukyo Bank, Ltd.

BOT Lease Co., Ltd.

The Gifu Bank, Ltd.

ACOM CO., LTD.

Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd.

Mobit Co., Ltd.

Mitsubishi UFJ Lease & Finance Company Limited

Mitsubishi Research Institute DCS Co., Ltd.

In the current fiscal year, kabu.com Securities Co., Ltd. and 3 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 not accounted for under the equity method: None

(3) Affiliates not accounted for under the equity method  
Principal companies

SCB Leasing Public Company Limited

MU Japan Fund PLC

These affiliates are not accounted for under the equity method because MUFG's share ownership in their 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.

(4) Entities not recognized as affiliates 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  
Since this company was established as a property management agent for a land trust project, MUFG's control of this company is restricted by the originators and co-trustees of the land.

3. The balance sheet dates of consolidated subsidiaries

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

|              |   |                  |
|--------------|---|------------------|
| November 30  | : | 3 subsidiaries   |
| April 30     | : | 3 subsidiaries   |
| June 30      | : | 140 subsidiaries |
| July 24      | : | 18 subsidiaries  |
| July 31      | : | 1 subsidiary     |
| August 31    | : | 2 subsidiaries   |
| September 30 | : | 85 subsidiaries  |

(2) 2 subsidiaries with an interim balance sheet date as of November 30 (out of 3) are consolidated based on their preliminary financial statements as of August 31.

Subsidiaries with an interim balance sheet date as of November 30 (1 out of 3), April 30 (1 out of 3), and June 30 (1 out of 140) are consolidated based on their preliminary financial statements as of September 30.

1 subsidiary with an interim balance sheet date as of April 30 (out of 3) is consolidated based on its preliminary financial statements as of June 30.

1 subsidiary with an interim balance sheet date as of April 30 (out of 3) is consolidated based on its preliminary financial statements as of July 31.

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

Adjustments are made in the consolidated financial statements to reflect the significant transactions occurred between the interim 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. This transfer of branches and representative offices is recognized as an important transaction and adjustment is made in the consolidated financial statements.

Results of operations of Bank of Tokyo-Mitsubishi UFJ (China), Ltd. from July 1, 2007 to September 30, 2007 are not reflected in the consolidated statements of income. This exclusion doesn't have significant impact on the consolidated statements of income.

#### 4. Accounting policies

##### (1) Trading assets and trading liabilities

Transactions to seek gains arising from short-term fluctuations or arbitrage opportunities in interest rates, currency exchange rates, market prices of securities or other market indices ( trading transactions ) are presented on a trade date basis in trading assets and trading liabilities on the consolidated balance sheets. Gains and losses from trading transactions , such as interest and dividends received, realized gains (losses) on sales and unrealized gains (losses), are presented on a trade date basis in trading income and trading expenses on the consolidated statements of income.

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

##### (2) 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 where 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 and the changes in fair value are recognized in current earnings.
- (B) Securities which are held as trust assets in money held in trust are accounted for in the same manner as noted above (1) and (2)(A). Unrealized gains (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 Transactions

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

##### (4) Depreciation

###### (A) Tangible fixed assets

Depreciation for tangible fixed assets of MUFG, domestic consolidated banking subsidiaries and domestic consolidated 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



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

### (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 charges

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.

- (A) 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.
- (B) 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.
- (C) 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.
- (D) For other claims, allowances are provided based on historical credit loss experience.
- (E) For claims originated in specific foreign countries, additional allowances are provided based on an assessment of political and economic conditions of these countries.
- (F) 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.
- (G) 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 ¥796,115 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 employees bonuses

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Reserve for employees' 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 and corporate auditors

Some domestic consolidated subsidiaries record reserve for bonuses to directors and corporate auditors in the amount deemed accrued on the consolidated balance sheet date.

(10) Reserve for employees' retirement benefits

Reserve for employees' 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.

- (A) 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.
- (B) 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 and corporate auditors

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

(12) Reserve for contingent losses

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

(13) 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.

(14) Reserves under special laws

Reserves under special laws represents the ¥4,300 million of reserve for contingent liabilities from financial instruments transactions set aside in accordance with Article 48-3-1 of the Financial Instruments and Exchange Law and Article 189 of Cabinet Office Ordinance on Financial Instruments Trading Corporations.

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.

(15) 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.

(16) Leasing transactions

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

## (17) Hedge accounting

## (A) Hedge accounting for interest rate risks

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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 September 30, 2007 are ¥33,622 million (before tax effect adjustment) and ¥55,135 million (before tax effect adjustment), respectively.

## (B) Hedge accounting for foreign currency risks

- (i) 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.

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- (ii) 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.

(18) 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.

(19) Tax effect accounting

Tax amount (current and deferred) for this interim fiscal year is computed based on the assumption that there will be reversal of reserve for losses on overseas investments at a domestic consolidated trust banking subsidiary at the end of the fiscal year.

(20) Bills discounted

Bills discounted and rediscounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24.

5. Definition of cash and cash equivalents in statement of cash flows

Cash and cash equivalents in this statement are defined as Cash and due from banks on the consolidated balance sheets 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, MUFG adopted the revised Accounting Standard and Practical Guidelines starting from this fiscal year.

This revision doesn't have any impact on the consolidated financial statements.

### **New Presentation Rules**

#### **Consolidated Balance Sheets**

Starting in the current fiscal year, reserve for retirement benefits to directors and corporate auditors 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 and corporate auditors previously reported as part of other liabilities was ¥1,241 million as of March 31, 2007 and ¥952 million as of September 30, 2006

#### **Consolidated Statements of Income**

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 used to be in extraordinary losses, are presented in the consolidated statements of income as included in reserve for contingent liabilities from financial instruments transactions.

#### **Consolidated Statements of Cash Flows**

In accordance with the new presentation rule for the consolidated balance sheets, net increase (decrease) in reserve for retirement benefits to directors and corporate auditors previously reported as part of other in cash flows from operating activities is separately presented as net increase (decrease) in reserve for retirement benefits to directors and corporate auditors.

Net increase (decrease) in reserve for retirement benefits to directors and corporate auditors previously reported as part of other in cash flows from operating activities was ¥161 million as of March 31, 2007 and ¥(128) million as of September 30, 2006.