

## Table of Contents

### Exchange Rate Information

The tables below set forth, for each period indicated, the noon buying rate in New York City for cable transfers in Japanese yen as certified for customs purposes by the Federal Reserve Bank of New York, expressed in Japanese yen per US\$1.00. On August 18, 2009, the noon buying rate was ¥94.72 to US\$1.00 and the inverse noon buying rate was US\$1.06 to ¥100.00.

	Year 2009					
	March	April	May	June	July	August <sup>(1)</sup>
High	¥99.34	¥100.71	¥99.24	¥98.56	¥96.41	¥ 97.65
Low	¥93.85	¥ 96.49	¥94.45	¥95.19	¥92.33	¥ 94.33

Note:

(1) Period from August 1, 2009 to August 18, 2009.

	Fiscal years ended March 31,				
	2005	2006	2007	2008	2009
Average (of month-end rates)	¥107.28	¥113.67	¥116.55	¥113.61	¥ 100.85

#### B. Capitalization and Indebtedness

Not applicable.

#### C. Reasons for the Offer and Use of Proceeds

Not applicable.

#### D. Risk Factors

*Investing in our securities involves a high degree of risk. You should carefully consider the risks described below as well as all the other information in this Annual Report, including our consolidated financial statements and related notes, "Item 5. Operating and Financial Review and Prospects," "Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk" and "Selected Statistical Data."*

*Our business, operating results and financial condition could be materially and adversely affected by any of the factors discussed below. The trading price of our securities could decline due to any of these factors. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this Annual Report. See "Forward-Looking Statements."*

#### Risks Related to Our Business

***We have experienced and may continue to experience difficulty integrating our operations with those of the UFJ group and, as a result, may have difficulty achieving the benefits expected from the integration.***

Since our merger with UFJ Holdings in October 2005, we have been implementing a business integration plan that is complex, time-consuming and costly. Achieving the targeted revenue synergies and cost savings is dependent on the successful implementation of our ongoing integration process. We may not succeed in addressing the risks or other problems encountered in the ongoing integration process. In particular, there may be delays or other difficulties in coordinating, consolidating and integrating the branch and subsidiary networks, and customer products and services of the two groups as planned. These and other problems in the ongoing integration process may cause us to incur significant unanticipated additional costs, preventing us from achieving the previously announced cost reduction targets as scheduled. In addition, the two groups' previous relationships with their respective customers, employees and strategic partners could be impaired in future periods. Those

problems could also damage our reputation. In addition, previously expected revenue synergies may not materialize in the expected time period if we fail to address any problems that arise in the ongoing integration process. If we are unable to resolve smoothly any problems that arise in the ongoing integration process, our business, results of operations, financial condition and stock price may be materially and adversely affected.

***We may have difficulty achieving the benefits expected from the recently completed and planned mergers and other business combinations.***

In line with our ongoing strategic effort to create a leading comprehensive financial group that offers a broad range of financial products and services, we have recently completed or are planning to complete mergers and other business combinations, including transactions with some of our subsidiaries and equity method investees. For example, in August 2008, we acquired, through a share exchange transaction, all the shares of our consolidated subsidiary, Mitsubishi UFJ NICOS Co., Ltd., not owned by us, and sold a minority stake in Mitsubishi UFJ NICOS to The Norinchukin Bank. In November 2008, our consolidated subsidiary, The Bank of Tokyo-Mitsubishi UFJ, Ltd., or BTMU, completed the acquisition of all of the shares of common stock of UnionBanCal Corporation, or UNBC, not owned by us. In March 2009, we signed a memorandum of understanding with Morgan Stanley to form a securities joint venture combining our consolidated subsidiary, Mitsubishi UFJ Securities Co., Ltd., or MUS, and Morgan Stanley Japan Securities Co., Ltd., by March 2010, subject to regulatory approval. We intend to own a 60% interest in the joint venture. In addition, we regularly review opportunities to pursue new acquisitions or business combinations.

If a planned merger or business combination fails, we may be subject to various material risks. For example, our growth strategies in Japan and globally may not be implemented as planned. In addition, the price of our stock may decline to the extent that the current market price reflects a market assumption that any pending transaction will be completed. Furthermore, our costs related to any planned transaction, including legal, accounting and certain financial adviser fees, must be paid even if the transaction is not completed. Our reputation may also be harmed due to our failure to complete an announced transaction. Even after a transaction is completed, there are various risks that could adversely affect our ability to achieve our business objectives, including:

- The growth opportunities and other expected benefits of these business combinations or acquisitions may not be realized in the expected time period and unanticipated problems could arise in the integration process, including unanticipated expenses related to the integration process as well as delays or other difficulties in coordinating, consolidating and integrating personnel, information and management systems, and customer products and services;
- We may be unable to cross-sell our products and services as effectively as anticipated and we may lose customers and business as some of the operations are reorganized, consolidated with other businesses and, in some cases, rebranded;
- We may have difficulty in coordinating the operations of our subsidiaries and affiliates as planned due to legal restrictions, internal conflict or market resistance;
- The diversion of management and key employees' attention may detract from our ability to increase revenues and minimize costs; and
- We may encounter difficulties in penetrating certain markets due to adverse reactions to our newly acquired ownership in, or closer affiliation with, other financial institutions or businesses.

Any of the foregoing and other risks may adversely affect our business, results of operations, financial condition and stock price. For a more detailed discussion of recently completed and planned mergers and other business combinations involving our subsidiaries and affiliates, see "Item 4.B. Information on the Company—Business Overview" and "Item 5. Operating and Financial Review and Prospects—Recent Developments."

***Our recently completed and planned investments may increase our exposure to market fluctuations and other factors over which we have little or no control.***

In line with our ongoing strategic effort to create a leading comprehensive financial group that offers a broad range of financial products and services, we have recently agreed to enter into, and have entered into, several business combinations and strategic business alliances. For example,

- on October 2, 2008, we acquired 9.9% of the issued shares of Aberdeen Asset Management PLC, or Aberdeen, and intend to increase our holdings but not to a level that exceeds 19.9%, subject to receiving the required regulatory approvals;
- on October 13, 2008, we purchased approximately \$9 billion of convertible and non convertible shares of Morgan Stanley preferred stock, which provided us with an approximately 21% interest in Morgan Stanley on a fully diluted basis at the time of our purchase, which interest decreased to approximately 20% on a fully diluted basis as a result of the US Department of the Treasury's subsequent purchase of a warrant to purchase up to 65,245,759 shares of common stock. Since this initial investment, we have acquired 46,553,055 additional shares of common stock for a total of approximately \$1,176 million and sold back to Morgan Stanley \$705 million of the non convertible preferred stock. As a result of these transactions, our interest in Morgan Stanley remains approximately 20% on a fully diluted basis. We have also signed a memorandum of understanding with Morgan Stanley to form a securities joint venture in Japan and a memorandum of understanding to expand the scope of our strategic alliance into new geographies and businesses; and
- on October 21, 2008, we completed a tender offer for outstanding shares of ACOM CO., LTD., common stock raising our stake in ACOM to approximately 40%.

The fair value of our investments in those financial institutions may be impaired if their business results are adversely affected by current or future financial market instability or otherwise, resulting in a decline in the fair value of their securities that is other than temporary. Any significant impairment of the fair value of our investments could have a material adverse impact on our results of operations and financial condition.

Changes in economic policies of governments and central banks, laws and regulations, including capital adequacy requirements for financial institutions, and applicable accounting rules implemented in response to current and future market fluctuations, may have a greater impact on our results of operations and financial condition because of our recent investments.

In addition, the most significant investments we have made or announced in the fiscal year ended March 31, 2009 involve companies in industries undergoing significant change or restructuring. As a result, it may be difficult to evaluate the prospects of such investments based on historical results, and our results of operations may be subject to greater uncertainty.

In cases where we hold a minority interest in the investees, we typically cannot control the operations and assets of these investees or make major decisions without the consent of other shareholders or participants. In some cases, increasing our shareholding to a controlling stake could also trigger additional regulatory approvals and subject us to significantly increased regulatory supervision. If our investees encounter financial or other business difficulties, if their strategic objectives change or if they no longer perceive us to be an attractive alliance partner, they may no longer desire or be able to participate in alliances with us. Our business and results of operations could be adversely affected if we are unable to continue with one or more strategic business alliances.

For a more detailed discussion of recently completed and planned investments, see "Item 4.B. Information on the Company—Business Overview" and "Item 5. Operating and Financial Review and Prospects—Recent Developments."

***If the Japanese stock market or other global markets decline in the future, we may incur losses on our securities portfolio and our capital ratios will be adversely affected. We may also need to reduce our strategic shareholdings which could affect our relationship with customers.***

We hold large amounts of marketable equity securities, of which a significant portion are securities of Japanese issuers. The market values of these securities are inherently volatile. We have recently experienced impairment losses on our marketable equity securities as a result of a decline in Japanese stock prices. The Nikkei Stock Average, which is an average of 225 blue chip stocks listed on the Tokyo Stock Exchange, declined from ¥12,656.42 at April 1, 2008 to ¥8,109.53 at March 31, 2009. The Nikkei Stock Average was ¥10,284.96 on August 18, 2009. The Tokyo Stock Price Index, or TOPIX, a composite index of all stocks listed on the First Section of the Tokyo Stock Exchange, declined from 1,230.49 at April 1, 2008 to 789.54 at March 31, 2009. The TOPIX was 949.66 on August 18, 2009. If the Japanese stock market or other global markets further decline or do not improve, we may incur additional losses on our securities portfolio. Further declines in the Japanese stock market or other global markets may also materially and adversely affect our capital ratios, results of operations and financial condition. For a detailed discussion of our holdings of marketable equity securities and the effect of market declines on our capital ratios, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Adequacy" and "Selected Statistical Data—Investment Portfolio."

In addition, like many Japanese financial institutions, a substantial portion of our equity securities portfolio is held for strategic and business relationship purposes. The sale of equity securities, whether to reduce our risk exposure to fluctuations in equity security prices, or otherwise, will reduce our strategic shareholdings, which may have an adverse effect on relationships with our customers. Our plans to further reduce our strategic shareholdings may also encourage some of our customers to sell their shares of our common stock, which may have a negative impact on our stock price.

***Our trading and investment activities as well as our international operations expose us to interest rate, exchange rate and other risks.***

We undertake extensive trading and investment activities involving a variety of financial instruments, including derivatives. We also have significant business operations abroad, including operations of UNBC, in the United States and elsewhere. Our income from these activities as well as our foreign assets and liabilities resulting from our international operations are subject to volatility caused by, among other things, changes in interest rates, foreign currency exchange rates and equity and debt prices. For example:

- increases in interest rates may have an adverse effect on the value of our fixed income securities portfolio, as discussed in "—Changes in interest rate policy, particularly unexpected or sudden increases in interest rates, could adversely affect the value of our bond and financial derivatives portfolios, problem loans and results of operations" below; and
- fluctuations in foreign currency exchange rates against the Japanese yen may adversely affect our financial condition, including our capital ratios, to the extent that our foreign currency-denominated assets and liabilities are not matched in the same currency or appropriately hedged, and will create foreign currency translation gains or losses, as described in "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Effect of the Change in Exchange Rates on Foreign Currency Translation."

In addition, downgrades of the credit ratings of some of the securities in our portfolio could negatively affect our results of operations. Our trading and investment activities in financial instruments may also be adversely affected by regulatory measures taken by government agencies. Our results of operations and financial condition are exposed to the risks of loss associated with these activities. For a discussion of our investment portfolio and related risks see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Financial Condition—Investment Portfolio" and "Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk."

***We may suffer additional credit-related losses in the future due to problem loans.***

When we loan money or commit to loan money, we incur credit risk, or the risk of losses if our borrowers do not repay their loans. We may incur credit losses or have to provide for additional allowance for credit losses if:

- large borrowers become insolvent or must be restructured;
- domestic or global economic conditions, either generally or in particular industries in which large borrowers operate, deteriorate;
- the value of the collateral we hold, such as real estate or securities, declines; or
- we are adversely affected by other factors, including corporate credibility issues among our borrowers, to an extent that is worse than anticipated.

If actual credit losses are higher than currently expected, the current allowances for credit losses will be insufficient. Our allowance for credit losses in our loan portfolio is based on evaluations, assumptions and estimates about customers, the value of collateral we hold and the economy as a whole. Our loan losses could prove to be materially different from the estimates and could materially exceed these allowances. In addition, the standards for establishing allowances may change, causing us to change some of the evaluations, assumptions and estimates used in determining the allowances. As a result, we may need to provide for additional allowances for credit losses. For example, as a result of recent deteriorating economic conditions, declines in real estate values and securities price levels, and worsening operations of borrowers, we experienced increases in the amount of problem loans and provision for credit losses in the fiscal year ended March 31, 2009.

Credit losses may also increase if we elect, or are forced by economic or other considerations, to sell or write off our problem loans at a larger discount, in a larger amount or in a different time or manner than we may otherwise want. We may not be able to realize the value of the collateral we hold or enforce our rights against defaulting customers because of the difficulty of foreclosing on collateral in Japan, the illiquidity of and depressed values in the Japanese real estate market, or other reasons.

Although we from time to time enter into credit derivative transactions, including credit default swap contracts, to manage our credit risk exposure, such transactions may not provide the protection against credit defaults that we intended due to counter-party defaults or otherwise. In addition, negative changes in financial market conditions may restrict the availability and liquidity of credit default swaps. For more information on our credit derivative transactions, see Note 23 to our consolidated financial statements included elsewhere in this Annual Report.

In addition, we may provide additional loans, equity capital or other forms of support to troubled borrowers in order to facilitate their restructuring and revitalization efforts. We may forbear from exercising some or all of our rights as a creditor against them, and we may forgive loans to them in conjunction with their debt restructuring. These practices may substantially increase our exposure to troubled borrowers and increase our losses. An increase in loan losses would adversely affect our results of operations, weaken our financial condition and erode our capital base.

***We may be adversely affected if economic conditions in Japan or elsewhere worsen.***

Our performance is affected by general economic conditions of the countries in which we operate, particularly Japan where we primarily conduct our business. General economic conditions that could affect us include interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets, the level and volatility of debt and equity capital markets, the levels of corporate capital investments and individual consumption, and raw material prices. Any of these economic conditions, currently existing or occurring in the future, may adversely affect our financial condition and results of operations. For a discussion of the current economic environment in Japan and certain other countries, see "Item 5. Operating and Financial Review and Prospects—Business Environment."

***Our business may be adversely affected by negative developments with respect to other financial institutions, both directly and through the effect they may have on the overall banking environment and on their borrowers.***

Some domestic and foreign financial institutions, including banks, non-bank lending and credit institutions, securities companies and insurance companies, have experienced declining asset quality and capital adequacy and other financial problems. This may lead to severe liquidity and solvency problems, which have in the past resulted in the liquidation, government control or restructuring of affected institutions. For example, the deterioration of the asset-backed securitization products market and residential mortgage market in the United States resulted in Lehman Brothers Holdings Inc. filing a petition under Chapter 11 of the US Bankruptcy Code. Other banks, securities companies, insurance companies and other financial institutions, especially US institutions, continue to be under significant pressure due to declining asset quality as a result of the continuing deterioration of the global financial markets. These developments may continue to adversely affect our financial results. Other financial difficulties relating to financial institutions could adversely affect us because:

- we have extended loans, some of which may need to be classified as nonaccrual and restructured loans, to banks, securities companies, insurance companies and other financial institutions that are not our consolidated subsidiaries;
- we may be requested to participate in providing assistance to support distressed financial institutions that are not our consolidated subsidiaries;
- we are a shareholder of some other banks and financial institutions that are not our consolidated subsidiaries;
- the government may elect to provide regulatory, tax, funding or other benefits to those financial institutions to strengthen their capital, facilitate their sale or otherwise, which in turn may increase their competitiveness against us;
- deposit insurance premiums could rise if deposit insurance funds prove to be inadequate;
- bankruptcies or government support or control of financial institutions could generally undermine confidence in financial institutions or adversely affect the overall banking environment; and
- negative media coverage of the financial industry, regardless of its accuracy and applicability to us, could affect customer or investor sentiment, harm our reputation and have a materially adverse effect on our business or the price of our securities.

***Changes in interest rate policy, particularly unexpected or sudden increases in interest rates, could adversely affect the value of our bond and financial derivative portfolios, problem loans and results of operations.***

We hold a significant amount of Japanese government bonds and foreign bonds, including US Treasury bonds. We also hold a large financial derivative portfolio, consisting primarily of interest-rate futures, swaps and options, for our asset liability management. An increase in relevant interest rates, particularly if such increase is unexpected or sudden, may negatively affect the value of our bond portfolio and reduce the so called "spread," which is the difference between the rate of interest earned and the rate of interest paid. In addition, an increase in relevant interest rates may increase losses on our derivative portfolio and increase our problem loans as some of our borrowers may not be able to meet the increased interest payment requirements, thereby adversely affecting our results of operations and financial condition. For a detailed discussion of our bond portfolio, see "Selected Statistical Data-Investment Portfolio."

***A downgrade of our credit ratings could have a negative effect on our business.***

A downgrade of our credit ratings by one or more of the credit rating agencies could have a negative effect on our treasury operations and other aspects of our business. In the event of a downgrade of our credit ratings, our treasury business unit may have to accept less favorable terms in our transactions with counterparties, including capital raising activities, or may be unable to enter into some transactions. This could have a negative impact on the profitability of our treasury and other operations and adversely affect our results of operations and financial condition.

***We are exposed to new or increased risks as we expand the range of our products and services and the geographic scope of our business.***

We currently plan to pursue various business strategies to improve our profitability. In addition to the risks associated with investments, business combinations and mergers described above, there are various other risks which could adversely affect our ability to achieve our business objectives. For example, as we expand the range of our products and services beyond our traditional banking and trust businesses and as the sophistication of financial products and management systems grows, we will be exposed to new and increasingly complex risks. We may have only limited experience with the risks related to the expanded range of these products and services. In addition, we may have difficulty developing and operating the necessary information systems. As a result, we may not be able to foresee certain risks, and new products and services we introduce may not gain acceptance among customers. Moreover, some of the activities that our subsidiaries are expected to engage in, such as derivatives and foreign currency trading, present substantial risks. As we expand the geographic scope of our business, we will also be exposed to risks that are unique to particular jurisdictions or markets. Our risk management systems may prove to be inadequate and may not work in all cases or to the degree required. As a result, we are subject to substantial market, credit and other risks in relation to the expanding scope of our products, services and trading activities or expanding our business beyond our traditional markets, which could result in us incurring substantial losses. In addition, our efforts to offer new services and products or penetrate new markets may not succeed if product or market opportunities develop more slowly than expected or if the profitability of opportunities is undermined by competitive pressures. If we fail to achieve some or all of the goals of our business strategies, our results of operations could be materially and adversely affected. For a detailed discussion of our risk management systems, see "Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk."

***We are exposed to substantial credit and market risks in emerging market countries.***

We are active in countries in Asia, Latin America, Central and Eastern Europe and other emerging market countries through a network of branches and subsidiaries and are thus exposed to a variety of credit and market risks associated with these countries. These risks will increase if the global financial crisis and recession continue or worsen. For example, a decline in the value of local currencies of these countries could adversely affect the creditworthiness of some of our borrowers in these countries. The loans we have made to borrowers and banks in these countries are often denominated in US dollars, Euro or other foreign currencies. These borrowers often do not hedge the loans to protect against fluctuations in the values of local currencies. A devaluation of the local currency would make it more difficult for a borrower earning income in that currency to pay its debts to us and other foreign lenders. In addition, some countries in which we operate may attempt to support the value of their currencies by raising domestic interest rates. If this happens, the borrowers in these countries would have to devote more of their resources to repaying their domestic obligations, which may adversely affect their ability to repay their debts to us and other foreign lenders. The limited credit availability resulting from these and related conditions may adversely affect economic conditions in some countries. This could cause a further deterioration of the credit quality of borrowers and banks in those countries and cause us to incur further losses.

In addition, we are active in other countries and regions that expose us to risks similar to the risks described above and also risks specific to those countries and regions, which may cause us to incur losses or suffer other adverse effects.

***Any adverse changes in Union Bank's business could significantly affect our results of operations.***

Union Bank, N.A., or Union Bank, is UNBC's primary subsidiary. Union Bank contributes to a significant portion of our net income. Any adverse change in the business or operations of Union Bank could significantly affect our results of operations. Factors that could negatively affect Union Bank's results include adverse economic conditions in California, including the downturn in the real estate and housing industries in California, substantial competition in the California banking market, uncertainty over the US economy due to deteriorating economic conditions in the United States, the threat of terrorist attacks, fluctuating oil prices and rising interest

rates, negative trends in debt ratings, and additional costs and other adverse consequences which may arise from enterprise-wide compliance, or failure to comply, with applicable laws and regulations, such as the US Bank Secrecy Act and related amendments under the USA PATRIOT Act. Compared to prior years, any adverse developments which could arise at Union Bank will have a greater negative impact on our results of operation and financial condition, since Union Bank became, through UNBC, our wholly owned subsidiary in November 2008 compared with approximately 65% ownership in prior years.

***Changes in the business environment for consumer finance companies in Japan have adversely affected our recent financial results, and may further adversely affect our future financial results.***

We have a large loan portfolio in the consumer lending industry as well as large shareholdings in subsidiaries and equity method investees in the consumer finance industry. The Japanese government has been implementing regulatory reforms affecting the consumer lending industry in recent years. In December 2006, the Diet passed legislation to reduce the maximum permissible interest rate under the Law Concerning Acceptance of Investment, Cash, Deposit and Interest Rate, etc., which is currently 29.2% per annum, to 20% per annum. The reduction in the maximum permissible interest rate will be implemented before mid-2010. Under the reforms, all interest rates will be subject to the lower limits (15-20% per annum) imposed by the Interest Rate Restriction Law, which will compel, or has already compelled, lending institutions to lower the interest rates they charge borrowers.

Currently and until the reduction in the maximum permissible interest rate as described above takes effect, consumer finance companies are able to charge interest rates exceeding the limits stipulated by the Interest Rate Restriction Law, provided that they satisfy certain conditions set forth in the Law Concerning Lending Business. Accordingly, our consumer finance subsidiaries and equity method investees offer loans at interest rates above the Interest Rate Restriction Law. As a result of recent decisions by the Supreme Court of Japan, consumer finance companies experienced a significant increase in borrowers' claims for reimbursement of previously collected interest payments in excess of the limits stipulated by the Interest Rate Restriction Law. New regulations that are scheduled to be effective before mid-2010 may also have a negative impact on the business of consumer finance companies as those new regulations are expected to require, among other things, consumer finance companies to review the repayment capability of borrowers before lending, thereby limiting the amount of borrowing available to individual borrowers.

These and other related developments have adversely affected, and may further adversely affect, the operations and financial condition of our subsidiaries and borrowers which are engaged in consumer lending, which in turn may affect the value of our related shareholdings and loan portfolio.

***We may have to compensate for losses in our loan trusts and money in trusts.***

Our trust bank subsidiary may have to compensate for losses of principal of all loan trusts and some money in trusts. Funds in those guaranteed trusts are generally invested in loans and securities. If the amount of assets and reserves held in the guaranteed trusts falls below the principal as a result of loan losses, losses in the investment portfolio or otherwise, it would adversely affect our results of operations.

***Our results of operations may be negatively affected by the global financial crisis and recession triggered by disruptions in the financial markets in the United States.***

The recent global financial crisis and recession may continue to adversely affect our loan and investment portfolios, which includes securitization products, such as asset-backed securities. For example, some of our investment securities have been, and may continue to be, marked at a significantly lower price because the market for those securities is inactive. We have also been, and may continue to be, affected by credit market deterioration caused by defaults on these higher risk residential mortgages. Specifically, the availability of credit has become, and may continue to be, limited causing some of our counterparties to default, or some of our credit



derivative transactions may also be negatively affected. Moreover, the negative developments in the US credit markets have caused, and may continue to cause, significant fluctuations in global stock markets and foreign currency exchange rates, which in turn affect our results of operations. If credit market conditions continue to deteriorate, our capital funding structure may need to be adjusted, our funding costs may increase, or our credit-related losses may increase, all of which could have a material impact on our financial results and financial condition.

***Our information systems and other aspects of our business and operations are exposed to various system, political and social risks.***

As a major financial institution, our information systems and other aspects of our business and operations are exposed to various system, political and social risks beyond our control. Incidents such as disruptions of the Internet and other information networks due to major virus outbreaks, major terrorist activity, serious political instability and major health epidemics have the potential to directly affect our business and operations by disrupting our operational infrastructure or internal systems. Such incidents may also negatively impact the economic conditions, political regimes and social infrastructure of countries and regions in which we operate, and possibly the global economy as a whole. Our risk management policies and procedures may be insufficient to address these and other large-scale unanticipated risks.

In particular, the capacity and reliability of our electronic information technology systems are critical to our day-to-day operations and a failure or disruption of these systems would adversely affect our capacity to conduct our business. In addition to our own internal information systems, we also provide our customers with access to our services and products through the Internet and ATMs. These systems as well as our hardware and software are subject to malfunction or incapacitation due to human error, accidents, power loss, sabotage, hacking, computer viruses and similar events, as well as the loss of support services from third parties such as telephone and Internet service providers.

Additionally, as with other Japanese companies, our offices and other facilities are subject to the risk of earthquakes and other natural disasters. Our redundancy and backup measures may not be sufficient to avoid a material disruption in our operations, and our contingency plans may not address all eventualities that may occur in the event of a material disruption.

These various factors, the threat of such risks or related countermeasures, or a failure to address such risks, may materially and adversely affect our business, operating results and financial condition.

***Our business may be adversely affected by competitive pressures, which have partly increased due to regulatory changes and recent market changes in the financial industry domestically and globally.***

In recent years, the Japanese financial system has been increasingly deregulated and barriers to competition have been reduced. The privatization of the Japanese postal savings system and the establishment of Japan Post Bank Co., Ltd. in October 2007, as well as the establishment of Japan Finance Corporation, a public corporation wholly owned by the Japanese government, in October 2008, could also substantially increase competition within the financial services industry. In addition, there has been significant consolidation and convergence among financial institutions domestically and globally, and this trend may continue in the future and further increase competition in the market. A number of large commercial banks and other broad-based financial services firms have merged or formed strategic alliances with, or have acquired, other financial institutions both in Japan and overseas. If we are unable to compete effectively in this more competitive and deregulated business environment, our business, results of operations and financial condition will be adversely affected. For a more detailed discussion of our competition in Japan, see "Item 4.B. Information on the Company—Business Overview—Competition—Japan."

***We are subject to increased regulatory requirements and supervision in the United States as a financial holding company.***

In October 2008, MUFG, BTMU, Mitsubishi UFJ Trust and Banking Corporation, or MUTB, and UNBC, which is a subsidiary of BTMU, elected to become financial holding companies respectively under the US Bank Holding Company Act. As a financial holding company, we are authorized to engage in an expanded list of activities in the United States, including merchant banking, insurance underwriting, and a full range of securities activities.

Under our financial holding company status, we are also subject to additional regulatory requirements. For example, each of our banking subsidiaries with operations in the United States, comprising Bank of Tokyo-Mitsubishi UFJ Trust Company, Mitsubishi UFJ Trust & Banking Corporation (U.S.A.) and Union Bank, which are our US domestic depository institutions, as well as BTMU and MUTB, must be “well capitalized,” meaning a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10%. Our US banking operations must also be “well managed,” including that they maintain examination ratings that are at least satisfactory. Failure to comply with such requirements would require us to prepare a remediation plan and we would not be able to undertake new business activities or acquisitions based on our status as a financial holding company during any period of noncompliance, and as a result, it may negatively affect our future financial results.

In June 2009, the US government released a regulatory reform proposal called “Financial Regulatory Reform, A New Foundation: Rebuilding Financial Supervision and Regulation.” This proposal includes, among other things, sweeping financial regulatory reforms designed to promote enhanced supervision and regulation of financial firms, establish comprehensive supervision of financial markets, protect consumers and investors from financial abuse, provide government with the tools needed to manage a financial crisis, and raise international regulatory standards and improve international cooperation. This reform, if enacted, could have a significant impact on our regulatory and financial compliance systems and practices, possibly requiring us to incur a significant amount of resources to implement measures to come into compliance with the reform and manage them on an ongoing basis.

***We have recently been subject to several regulatory actions for non-compliance with legal requirements. These regulatory matters and any future regulatory matters or regulatory changes could have a negative impact on our business and results of operations.***

We conduct our business subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies, voluntary codes of practice and interpretations in Japan and other markets where we operate. Our compliance risk management systems and programs may not be fully effective in preventing all violations of laws, regulations and rules.

The Financial Services Agency of Japan and regulatory authorities in the United States and elsewhere also have the authority to conduct, at any time, inspections to review banks’ accounts, including those of our banking subsidiaries. Some of our other financial services businesses, such as our securities business, are also subject to regulations set by, and inspections conducted by, various self-regulatory organizations, such as the Financial Industry Regulatory Authority in the United States. In recent years, we have been subject to several regulatory actions by, among others, the Financial Services Agency of Japan, the Securities and Exchange Surveillance Commission of Japan and various US banking regulators.

Our failure or inability to comply fully with applicable laws and regulations could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate, adversely affecting our business and results of operations. Regulatory matters may also adversely affect our ability to obtain regulatory approvals for future strategic initiatives. Furthermore, failure to take necessary corrective action, or the discovery of violations of law in the process of further review of any of the matters mentioned above or in the process of implementing any corrective measures, could result in further regulatory action.

In addition, future developments or changes in laws, regulations, policies, voluntary codes of practice and their effects are unpredictable and beyond our control. For example, new regulations to be enacted before mid-2010 are expected to require, among other things, consumer finance companies in Japan to review the repayment capabilities of borrowers before lending, thereby limiting the amount of borrowing available to individual borrowers, which in turn may negatively affect our future financial results.

***Transactions with counterparties in countries designated by the US Department of State as state sponsors of terrorism may lead some potential customers and investors in the United States and other countries to avoid doing business with us or investing in our shares.***

We, through our banking subsidiaries, engage in operations with entities in or affiliated with Iran and Syria, including transactions with entities owned or controlled by the Iranian or Syrian governments, and the banking subsidiary has a representative office in Iran. The US Department of State has designated Iran, Syria and other countries as "state sponsors of terrorism," and US law generally prohibits US persons from doing business with such countries. Our activities with counterparties in or affiliated with Iran, Syria and other countries designated as state sponsors of terrorism are conducted in compliance in all material respects with both applicable Japanese and US regulations.

Our operations with entities in Iran consist primarily of loans to Iranian financial institutions in the form of financing for petroleum projects and trade financing for general commercial purposes, as well as letters of credit and foreign exchange services. Our operations relating to Syria are primarily foreign exchange services. We do not believe our operations relating to Iran and Syria are material to our business or financial condition. As of March 31, 2009, the loans outstanding to borrowers in or affiliated with Iran and Syria were approximately \$151.7 million and less than \$0.1 million, respectively. These represented less than 0.1% of our total assets as of March 31, 2009. In addition, we receive deposits or hold assets on behalf of several individuals resident in Japan who are citizens of countries designated as state sponsors of terrorism.

We are aware of initiatives by US governmental entities and US institutional investors, such as pension funds, to adopt or consider adopting laws, regulations or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with Iran, Syria and other countries identified as state sponsors of terrorism. It is possible that such initiatives may result in our being unable to gain or retain entities subject to such prohibitions as customers or as investors in our shares. In addition, depending on socio-political developments our reputation may suffer due to our association with these countries. The above circumstances could have an adverse effect on our business and financial condition.

***We may not be able to maintain our capital ratios above minimum required levels, which could result in the suspension of some or all of our operations.***

We, as a holding company, and our Japanese banking subsidiaries are required to maintain risk-weighted capital ratios above the levels specified in the capital adequacy guidelines of the Financial Services Agency of Japan. The capital ratios are calculated in accordance with Japanese banking regulations based on information derived from the relevant entity's financial statements prepared in accordance with Japanese GAAP. Our subsidiaries in California, UNBC and Union Bank are subject to similar US capital adequacy guidelines. We or our banking subsidiaries may be unable to continue to satisfy the capital adequacy requirements because of:

- increases in credit risk assets and expected losses we or our banking subsidiaries may incur due to fluctuations in our or our banking subsidiaries' loan and securities portfolios as a result of deteriorations in the credit of our borrowers and the issuers of equity and debt securities;
- increases in credit costs we or our banking subsidiaries may incur as we or our banking subsidiaries dispose of problem loans or as a result of deteriorations in the credit of our borrowers;
- declines in the value of our or our banking subsidiaries' securities portfolio;

- changes in the capital ratio requirements or in the guidelines regarding the calculation of bank holding companies' or banks' capital ratios or changes in the regulatory capital requirements for securities firms;
- a reduction in the value of our or our banking subsidiaries' deferred tax assets;
- adverse changes in foreign currency exchange rates; and
- other adverse developments discussed in these risk factors.

Our capital ratios may also be adversely affected if we or our banking subsidiaries fail to refinance our subordinated debt obligations with equally subordinated debt. As of March 31, 2009, subordinated debt accounted for approximately 32.9% of our total regulatory capital, 35.7% of BTMU's total regulatory capital, and 23.7% of total regulatory capital of MUTB, in each case, as calculated under Japanese GAAP. The failure to refinance these subordinated debt obligations with equally subordinated debt may reduce our total regulatory capital and, as a result, negatively affect our capital ratios.

If our capital ratios fall below required levels, the Financial Services Agency could require us to take a variety of corrective actions, including withdrawal from all international operations or suspension of all or part of our business operations. For a discussion of our capital ratios and the related regulatory guidelines, see "Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Capital Adequacy" and "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Adequacy."

***The valuation of certain financial instruments may change due to market price fluctuations, changes in accounting standards or otherwise.***

A substantial portion of the assets on our consolidated balance sheets includes financial instruments that we carry at fair value. Generally, in order to establish the fair value of these instruments, we rely on quoted market prices. If the value of these financial instruments declines, a corresponding write-down may be recognized in our consolidated statement of operations. As the global financial markets became unstable following concerns of increased defaults of higher risk mortgages in the United States, there have been increasing circumstances where quoted market prices for securities became significantly depressed or were not properly quoted. Specifically, due to the reduction in liquidity of certain debt securities resulting from the global financial market instability in the second half of the fiscal year ended March 31, 2009, we observed that the market for collateralized loan obligations ("CLOs") backed by general corporate loans became significantly inactive compared with normal market activity. In light of such circumstances, we concluded that the unadjusted non-binding quotes from broker-dealers became less reflective of the fair value as defined by Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements," with respect to such CLOs. Consequently, we changed the estimation method for estimating the fair value of such CLOs from the method adopting unadjusted quotes from independent broker-dealers to the estimation method weighting the internal model valuation and the non-binding broker-dealer quotes during the second half of the fiscal year ended March 31, 2009. Additional fluctuations in the market or instabilities in the market could have a significant adverse effect on the fair value of the financial instruments that we hold.

In response to the recent instabilities in financial markets, several international organizations which set accounting standards announced new or revised rules for estimating the fair value for certain financial instruments. Accounting standards applicable to these financial instruments remain subject to further debate and revision by international organizations which set accounting standards. If the current accounting standards change in the future, the reported values of some of our financial instruments may need to be modified, and such modification could have a significant impact on our financial results or financial condition. Specifically, changes in accounting standards applicable to some of our financial instruments could have a significant negative impact on our capital ratios. For more information, see "Item 5. Operating and Financial Review and Prospects—Critical Accounting Estimates."

***Losses relating to our pension plans and a decline in returns on our plan assets may negatively affect our results of operations and financial condition.***

The fair value of our pension plan assets has declined and our investment return has decreased under the current market circumstances. If the fair value of our pension plan assets decline or our investment return decreases further, or if there is a change in the actuarial assumptions on which the calculations of the projected pension obligations or pension plan assets are based, such as a decline in the discount rate or the expected rate of return on plan assets, we may incur additional losses. Changes in the interest rate environment and other factors may also adversely affect the amount of unfunded pension obligations and the resulting annual amortization expense. In addition, we may have to record expenses relating to the amortization of previously unrecognized prior service costs if our pension plans are amended.

***If the goodwill recorded in connection with our acquisitions becomes impaired, we may be required to record impairment charges, which may adversely affect our financial results and the price of our securities.***

In accordance with US GAAP, we have accounted for our acquisitions using the purchase method of accounting. We recorded the excess of the purchase price over the fair value of the assets and liabilities of the acquired companies as goodwill. US GAAP requires us to test goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Goodwill is tested by initially estimating fair value and then comparing it against the carrying amount. If the carrying amount of a reporting unit exceeds its estimated fair value, we are required to record an impairment loss. The amount of impairment and the remaining amount of goodwill, if any, is determined by comparing the fair value of the reporting unit as of the test date against the fair value of the assets and liabilities of that reporting unit as of the same date.

The global financial crisis and recession led to the decline in our market capitalization and negatively affected the fair value of our reporting units for purposes of our periodic testing of goodwill for impairment. As a result, we recorded ¥845.8 billion of goodwill impairment charges for the fiscal year ended March 31, 2009, in addition to having recorded ¥893.7 billion of goodwill impairment charges for the previous fiscal year. As of March 31, 2009, the balance of goodwill was ¥379.4 billion.

We may be required to record additional impairment charges relating to goodwill in future periods if the fair value of any of our reporting units declines below the fair value of related assets net of liabilities. Any additional impairment charges will negatively affect our financial results, and the price of our securities could be adversely affected. For a detailed discussion of the goodwill recorded and our periodic testing of goodwill for impairment, see "Item 5. Operating and Financial Review and Prospects—Critical Accounting Estimates—Accounting for Goodwill and Intangible Assets" and "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Financial Condition—Goodwill."

***We may incur significant additional costs for implementing effective internal controls.***

In order to operate as a global financial institution, it is essential for us to have effective internal controls, corporate compliance functions, and accounting systems to manage our assets and operations. Moreover, under the US Sarbanes-Oxley Act of 2002, which applies by reason of our status as an SEC reporting company, we are required to establish internal control over our financial reporting, and our management is required to assess the effectiveness of our internal control over financial reporting and disclose whether such internal control is effective. Our independent auditors must also conduct an audit to evaluate and then render an opinion on the effectiveness of our internal control over financial reporting. We are also subject to regulations on internal control over financial reporting under Japanese law from the fiscal year ended March 31, 2009.

Designing and implementing an effective system of internal control capable of monitoring and managing our business and operations requires significant management and human resources and considerable costs. If we identify any material weaknesses in our internal control system, we may incur significant additional costs for

remediating such weaknesses. In addition, if we adopt a new accounting system, we may be required to incur significant additional costs for establishing and implementing effective internal controls, which may materially and adversely affect our financial condition and results of operations.

***Our risk management policies, procedures and methods may leave us exposed to unidentified or unanticipated risks, which could lead to material losses.***

We have devoted significant resources to developing and implementing our risk management policies, procedures and assessment methods and intend to continue to do so in the future. Our risk management policies, procedures and methods, however, may not be fully effective in mitigating our risk exposures in all economic or market environments or against all types of risk, including risks that we fail to identify or anticipate.

Some of our risk management policies, procedures and methods may not be fully effective in forecasting, identifying and managing our future risks because these risk management policies, procedures and methods are based primarily on our experiences. If our risk management policies, procedures or methods prove ineffective, our business, operating results and financial condition could be materially and adversely affected.

***We may be subject to liability and regulatory action if we are unable to protect personal and other confidential information.***

There have been many cases where personal information and records in the possession of corporations and institutions were leaked or improperly accessed. In the event that personal information in our possession about our customers or employees is leaked or improperly accessed and subsequently misused, we may be subject to liability and regulatory action. As an institution in possession of personal information, we are required to treat personal and other confidential information as required by the Personal Information Protection Law of Japan, as well as the Banking Law and the Financial Instruments and Exchange Law of Japan. We may have to provide compensation for economic loss and emotional distress arising out of a failure to protect such information. In addition, such incidents could create a negative public perception of our operations, systems or brand, which may in turn decrease customer and market confidence and materially and adversely affect our business, operating results and financial condition.

For example, in March 2009, MUS discovered that an employee had illegally stolen and sold customer information to information vendors. In June 2009, MUS received from the Financial Services Agency of Japan an order to improve business operations under the Financial Instruments and Exchange Law and a recommendation under the Personal Information Protection Law requiring MUS, among other things, to enhance its information security controls so as to prevent any recurrence of similar incidents and to submit a report on MUS's progress on adopting and implementing remedial and preventive measures.

***Damage to our reputation could harm our business.***

We are one of the largest and most influential financial institutions in Japan by virtue of our market share and the size of our operations and customer base. Our reputation is critical in maintaining our relationships with clients, investors, regulators and the general public. Our reputation could be damaged by numerous causes, including, among others, system troubles, employee misconduct, failure to properly address potential conflicts of interest, litigation, compliance failures, the activities of customers and counterparties over which we have limited or no control, and exacting scrutiny from regulatory authorities and customers regarding our trade practices and potential abuses of our dominant bargaining position in our dealings with customers. If we are unable to prevent or properly address these causes, we could lose existing or prospective customers and investors, in which case our business, financial condition and results of operations could be materially and adversely affected.

***Our businesses may be materially and adversely affected if we are unable to hire and retain qualified employees.***

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees in the banking, securities and financial services industries is intense. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees as necessary and to retain and motivate our existing employees. If we are not successful in attracting and retaining sufficient skilled employees through our hiring efforts and training programs aimed to maintain and enhance the skills and expertise of our employees, our competitiveness and performance could be negatively affected, and consequently, our business, operating results and financial condition may also be adversely affected.

#### **Risks Related to Owning Our Shares**

***Rights of shareholders under Japanese law may be different from those under the laws of jurisdictions within the United States and other countries.***

Our Articles of Incorporation, the regulations of our board of directors and the Company Law of Japan, or the Company Law (also known as the Corporation Act), govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholder rights are different from those that would apply if we were not a Japanese corporation. Shareholder rights under Japanese law are different in some respects from shareholder rights under the laws of jurisdictions within the United States and other countries. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in a jurisdiction outside of Japan. For a detailed discussion of the relevant provisions under the Company Law and our Articles of Incorporation, see "Item 10.B. Additional Information—Memorandum and Articles of Association."

***It may not be possible for investors to effect service of process within the United States upon us or our directors, corporate auditors or other management members, or to enforce against us or those persons judgments obtained in US courts predicated upon the civil liability provisions of the federal securities laws of the United States.***

We are a joint stock company incorporated under the laws of Japan. Almost all of our directors, corporate auditors or other management members reside outside the United States. Many of our assets and the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for US investors to effect service of process within the United States upon us or these persons or to enforce, against us or these persons, judgments obtained in the US courts predicated upon the civil liability provisions of the federal securities laws of the United States. We believe that there is doubt as to the enforceability in Japan, in original actions or in actions to enforce judgments of US courts, of claims predicated solely upon the federal securities laws of the United States.

#### **Risks Related to Owning Our ADSs**

***As a holder of ADSs, you have fewer rights than a shareholder and you must act through the depositary to exercise these rights.***

The rights of our shareholders under Japanese law to take actions such as voting, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian, is the record holder of the shares underlying the American Depositary Shares, or ADSs, a holder of ADSs may not be entitled to the same rights as a shareholder. In your capacity as an ADS holder, you are not able to bring a derivative action, examine our accounting books and records or exercise appraisal rights, except through the depositary.