MITSUBISHI UFJ FINANCIAL GROUP INC
Form 424B5
December 08, 2008
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-155420

PROSPECTUS

Mitsubishi UFJ Financial Group, Inc.

174,000,000 Shares of Common Stock

In the Form of Shares and American Depositary Shares

Mitsubishi UFJ Financial Group, Inc., a joint stock company incorporated with limited liability under the laws of Japan, is offering 174,000,000 shares of its common stock, in the form of shares and American Depositary Shares, or ADSs, in the United States and Canada. The offered shares are newly issued shares and treasury shares sold by us. Each ADS represents one share of our common stock.

Concurrent with this offering, we are conducting an offering of 434,800,000 shares of our common stock in Japan and an offering of 260,900,000 shares of our common stock, in the form of shares and ADSs, outside of Japan, the United States and Canada. These offerings, together with the offering in the United States and Canada, are collectively referred to in this prospectus as the global offering.

Shares of our common stock are listed on the First Section of the Tokyo Stock Exchange, the Osaka Securities Exchange and the Nagoya Stock Exchange in Japan. ADSs, each representing one share of common stock are listed on the New York Stock Exchange under the symbol MTU . The last reported sales price was ¥430 per share of common stock on the Tokyo Stock Exchange on December 8, 2008 and $4.65 per ADS on the New York Stock Exchange on December 5, 2008.

Investing in the shares of our common stock or ADSs involves risks. See Risk Factors beginning on page 6 of this prospectus.

	Per ADS	Total(1)	Per share of common stock	Total(2)
Public offering price	$ 4.49	$ 781,260,000	¥ 417	¥ 72,558,000,000
Underwriting discounts and commissions	$ 0.1852	$ 32,224,800	¥ 17.20	¥ 2,992,800,000
Proceeds, before expenses, to the issuer	$ 4.3048	$ 749,035,200	¥ 399.80	¥ 69,565,200,000

(1) Assuming all shares to be sold in the U.S. offering will be sold in the form of ADSs.
(2) Assuming none of the shares to be sold in the U.S. offering will be sold in the form of ADSs.

We have granted the U.S. underwriters and the international underwriters options to purchase up to an additional 26,000,000 shares and 39,100,000 shares, respectively, of our common stock, in the form of shares or ADSs, solely to cover any over-allotments. In addition, we have granted Nomura Securities Co., Ltd. an option to purchase up to an additional 65,200,000 shares of our common stock in connection with any over-allotments in the Japanese offering.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares are offered by the U.S. underwriters as specified in this prospectus. Payment for the shares will be made in yen for value on or about December 15, 2008 (Tokyo time), and the shares will be delivered in Tokyo on or about December 16, 2008 (Tokyo time) through clearing accounts with the Japan Securities Depository Center, Inc., or JASDEC, under the central clearing system in Japan. Payments for the ADSs will be made in U.S. dollars for value on or about December 15, 2008 (New York time), and the ADSs will be delivered in book-entry form through The Depository Trust Company on or about December 16, 2008 (New York time).

Joint Global Coordinators

Morgan Stanley **Nomura Securities**

Co-Global Coordinators

Mitsubishi UFJ Securities	**J.P. Morgan**

Joint Bookrunners

Morgan Stanley	**J.P. Morgan**	**Nomura Securities International, Inc.**

Co-Managers

Merrill Lynch & Co.	**UBS Investment Bank**	**Deutsche Bank Securities**	**Nikko Citigroup**	**Credit Suisse**

Prospectus dated December 8, 2008.

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It is important for you to read and consider all information contained in, or incorporated by reference into, this prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to in Where You Can Obtain More Information in this prospectus.

In this prospectus, as the context requires, when we use the words we, us, our or MUFG, we mean the combined business and operations of Mitsubishi UFJ Financial Group, Inc., or formerly Mitsubishi Tokyo Financial Group, Inc., and its consolidated subsidiaries, as well as Mitsubishi UFJ Financial Group, Inc. References to MTFG and UFJ Holdings are to the Mitsubishi Tokyo Financial Group, Inc. and to UFJ Holdings, Inc., respectively, as well as to MTFG and UFJ Holdings and their respective consolidated subsidiaries, as the context requires. Unless the context otherwise requires, references in this prospectus to the financial results or business of the UFJ group refer to those of UFJ Holdings and its consolidated subsidiaries. We use the word you to refer to prospective investors in the shares and ADSs.

In this prospectus, references to dollars, U.S.$, $ and U.S. dollars mean the currency of the United States, and references to yen, ¥ and J yen mean the currency of Japan.

In this prospectus, all U.S. dollar and yen figures and percentages have been rounded to the figures shown unless otherwise specified. Accordingly, the total of each column of figures may not be equal to the total of the relevant individual items. Unless otherwise specified, the financial information presented in this prospectus and the consolidated financial statements of MUFG and UFJ Holdings are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. However, the financial information set forth in the appendices to this prospectus are prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP. Our fiscal year ends on March 31 of each year. References to years not specified as being fiscal years are to calendar years.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the U.S. underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the U.S. underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and in the documents incorporated by reference herein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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SUMMARY

For a more complete description of the terms of our common stock and related matters referred to in the following summary, see the description in our annual report on Form 20-F for the fiscal year ended March 31, 2008 under the caption Item 10B. Memorandum and Articles of Association, the explanation included in Underwriting in this prospectus, and other information included in, or incorporated by reference into, this prospectus.

Shares offered in the global offering	869,700,000 shares of our common stock, including 569,700,000 newly issued shares and 300,000,000 treasury shares, which may be delivered in the form of shares or ADSs.
Global offering	The global offering consists of the following concurrent offerings with the U.S. offering and the international offering conditioned on each other and on the Japanese offering, but the Japanese offering not conditioned on the U.S. offering or the international offering:
U.S. offering	174,000,000 shares of common stock to be offered in the United States and Canada in the form of shares and ADSs,
International offering	260,900,000 shares of common stock to be offered outside of Japan, the United States and Canada in the form of shares and ADSs, and
Japanese offering	434,800,000 shares of common stock to be offered in Japan.
Over-allotment options granted	We have granted the U.S. underwriters and the international underwriters options to purchase up to an additional 26,000,000 shares and 39,100,000 shares, respectively, of our common stock, in the form of shares or ADSs, solely in connection with any over-allotments. In addition, we have granted Nomura Securities Co., Ltd. an option to purchase up to an additional 65,200,000 shares of our common stock in connection with any over-allotments in the Japanese offering. See the section entitled Underwriting for additional details with respect to these options.
Shares that will have been issued immediately after the global offering	11,633,679,680 shares of common stock, including shares represented by ADSs and assuming full exercise of the over-allotment options.
American Depositary Shares	Each ADS represents one share of our common stock. The ADSs are evidenced by American depositary receipts, or ADRs, issued under a deposit agreement for the ADSs among us, The Bank of New York Mellon, acting as depositary, and the owners and holders from time to time of ADSs.
Depositary for the ADSs	The Bank of New York Mellon.
Offering price	¥417 per share of common stock or $4.49 per ADS.

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Use of proceeds	We expect to receive net proceeds from the global offering of approximately ¥398.65 billion (assuming that the over-allotment options are exercised in full), which we will use to make an investment in our wholly owned subsidiary, The Bank of Tokyo-Mitsubishi UFJ, Ltd., or BTMU, to strengthen our overall group capital base. BTMU expects to use those funds for general corporate purposes.
Dividends	Purchasers of shares of our common stock or ADSs will not be entitled to receive any interim dividend that may be paid to shareholders of record as of September 30, 2008, but will be entitled to receive the full amount of any dividend that may be paid to shareholders of record as of March 31, 2009. Dividend payments to non-resident holders of shares or ADSs will be subject to Japanese withholding taxes. Dividends on our common stock are paid in Japanese yen. Subject to the terms of the deposit agreement, the depositary for the ADSs will convert any cash dividends into U.S. dollars. Any dividends paid to holders of ADSs will be less the fees and expenses payable under the deposit agreement and any applicable taxes. See Item 10.B. Memorandum and Articles of Association American Depositary Shares in our annual report on Form 20-F.
Listing	Shares of our common stock are listed on the First Section of the Tokyo Stock Exchange, the Osaka Securities Exchange and the Nagoya Stock Exchange in Japan. ADSs, each representing one share of common stock, are listed on the New York Stock Exchange under the symbol MTU .
Voting rights	Holders of our common stock have the right to one vote for each unit, consisting of 100 shares of common stock, held on all matters submitted to a vote of shareholders. Holders of ADSs will have the right to instruct the depositary to exercise on their behalf one vote per 100 ADSs, subject to some restrictions.
Lock-up	We have agreed with the global coordinators (as set forth in Underwriting) to restrictions on the sale of shares of our common stock for a period of 180 days from the date of this prospectus, subject to limited exceptions and to extension in certain limited circumstances as described in Underwriting.
Payment and settlement	The underwriters expect to make payment for the shares to be sold in the global offering (including shares underlying any ADSs sold) on or about December 15, 2008 (Tokyo time) and to deliver the common stock in Tokyo through clearing accounts with JASDEC on or about December 16, 2008 (Tokyo time). The underwriters expect to deliver ADSs in New York, New York through the facilities of The Depository Trust Company on or about December 16, 2008 (New York time). Delivery of the shares and the ADSs in the U.S. offering and the international offering is expected to occur, subject to receipt and acceptance by the underwriters, on December 16, 2008, which is later than three business days after pricing of the global offering, as described in the expected timetable below. Because of the longer settlement period, purchasers who wish to trade shares or ADSs on or soon after pricing

may need to specify alternative settlement arrangements to prevent a failed settlement. Until delivery by the underwriters against payment, ADSs relating to the shares sold in the global offering will be traded on the New York Stock Exchange on a when issued basis. The shares and ADSs will not be traded on a when issued basis on the Tokyo Stock Exchange, the Osaka Securities Exchange, the Nagoya Stock Exchange or any other market. Because of this longer settlement period, you may be required to comply with applicable margin requirements.

Expected timetable

The expected timetable for the global offering is as follows:

Marketing of the global offering commenced on November 18, 2008.

Pricing of the global offering was determined following the close of the market in Japan on December 8, 2008 (the pricing date).

Japanese subscription period will commence on December 9, 2008 (Tokyo time) and close on December 10, 2008 (Tokyo time).

Delivery of the shares of common stock in the U.S. offering, the Japanese offering and the international offering is expected on December 16, 2008 (Tokyo time).

Delivery of the ADSs in the U.S. offering and the international offering are expected on December 16, 2008 (New York time).

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below and the more detailed explanation of risks described in our annual report on Form 20-F for the fiscal year ended March 31, 2008 under the caption Item 3D. Risk Factors, as well as all the other information including our consolidated financial statements and related notes, included in, or incorporated by reference into, this prospectus.

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 common stock could decline due to any of these factors. This prospectus 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 prospectus. See Cautionary Statement Concerning Forward-Looking Statements.

Risks Related to 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 preferred shares of Morgan Stanley, 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 U.S. Department of the Treasury s subsequent purchase of a warrant to purchase up to 65,245,759 shares of common stock;

- on October 21, 2008, we completed a tender offer for outstanding common shares of ACOM Co., Ltd., raising our stake in ACOM to approximately 40.0%; and

- on September 26, 2008, BTMU completed a tender offer for the outstanding shares of common stock of UnionBanCal Corporation, or UNBC, raising our stake in UNBC to approximately 98.0%. We and BTMU subsequently acquired the remaining outstanding shares of UNBC through a merger on November 5, 2008 and, as a result, UNBC became our wholly owned indirect subsidiary.

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. In particular, the value of Morgan Stanley s securities has fluctuated significantly in recent periods. The price of Morgan Stanley s common stock declined approximately 60.9% from $24.75 at the close of trading on September 26, 2008, the day immediately prior to the date on which we entered into the strategic capital alliance agreement, to $9.68 at the close of trading on October 10, 2008, the trading day immediately prior to the date on which we acquired the preferred shares under the amended agreement. The closing price of Morgan Stanley s common stock on December 5, 2008 was $15.72. Any significant impairment of the fair value of our investments could have a material adverse impact on our results of operations and financial condition.

The most significant investments we have made or announced in the current fiscal year involve companies in industries undergoing significant 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.

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In addition, 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 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, or at all. For example, we may be unable to implement proposals that we may make in an effort to further develop our global strategic alliance with Morgan Stanley. 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.

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 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 ¥12,525.54 at March 31, 2008 to ¥11,259.86 at September 30, 2008, and further down to a 26-year low at ¥7,162.90 on October 27, 2008. The Nikkei Stock Average was ¥8,329.05 on December 8, 2008. The Tokyo Stock Price Index, or TOPIX, a composite index of all stocks listed on the First Section of the Tokyo Stock Exchange, the index declined from 1,212.96 at March 31, 2008 to 1,087.41 at September 30, 2008, and further down to 746.46 at October 27, 2008. The TOPIX was 812.08 on December 8, 2008. 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 adversely affect our capital ratios, results of operations and financial condition.

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

On October 6, 2008, we became a financial holding company in the United States for purposes of U.S. federal banking law and may engage in a substantially broader range of non-banking activities in the United States, including insurance, securities, merchant banking and other financial activities, compared to when we were a bank holding company. To maintain our financial holding company status, we are required to meet or exceed certain capital ratios and certain examination ratings. In addition, our regulatory compliance expenses may increase. If we cease to meet any of the requirements for financial holding company status, we may be required to discontinue newly authorized financial activities and suffer other adverse consequences. See Recent Developments.

Risks Related to Investing in 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 shareholders rights are different from those that would apply if we were not a Japanese corporation. Shareholders rights under Japanese law are different in some respects from shareholders 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.

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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 U.S. 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 U.S. 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 U.S. 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 U.S. courts, of claims predicated solely upon the federal securities laws of the United States.

A long settlement period may impair the liquidity of your shares.

Delivery of the shares is expected to occur, subject to our receipt of payment and acceptance of delivery by the underwriters, on the sixth trading day after the offering is priced (Tokyo time), which is later than the typical three business day settlement period following the pricing of an offering in the United States. The shares will not trade on a when issued basis on the Tokyo Stock Exchange or any other market. Accordingly, during the period between pricing and settlement, the liquidity of your shares may be impaired. In addition, because of the longer settlement period, you may need to specify alternative settlement arrangements to prevent a failed settlement if you wish to trade your shares, and may be required to comply with applicable margin requirements.

Risks Related to Investing in 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 their shares, 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 holder of record of the shares underlying the ADSs, a holder of ADSs may not be entitled to the same rights as a shareholder. In your capacity as an ADS holder, you may not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights.

Foreign exchange rate fluctuations may affect the U.S. dollar value of our ADSs and dividends payable to holders of our ADSs.

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.

A long settlement period may impair the liquidity of your ADSs.

Delivery of the ADSs is expected to occur, subject to our receipt of payment and acceptance of delivery by the underwriters, on the sixth trading day after the offering is priced (New York time), which is later than the typical three business day settlement period following the pricing of an offering. Until delivery by the underwriters against payment, ADSs relating to the shares sold in the global offering will be traded on the New York Stock Exchange on a when issued basis. The ADSs, however, will not trade on a when issued basis on the Tokyo Stock Exchange, the Osaka Securities Exchange, the Nagoya Stock Exchange or any other market. Accordingly, during the period between pricing and settlement, the liquidity of your ADSs may be impaired. In addition, because of the longer settlement period, you may need to specify alternative settlement arrangements to prevent a failed settlement if you wish to trade your ADSs, and may be required to comply with applicable margin requirements.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus contains statements that constitute forward-looking statements. Forward-looking statements appear in a number of places in this prospectus and include statements regarding our current intent, belief, targets or expectations or the current intent, belief, targets or expectations of our management with respect to, among others:

- financial condition;
- results of operations;
- business plans and other management objectives;
- business strategies, competitive positions and growth opportunities;
- the benefits of recently completed or announced transactions and realization of related financial and operating synergies and efficiencies, including estimated cost savings and revenue enhancement;
- the financial and regulatory environment in which we operate;
- our problem loan levels and loan losses; and
- the equity, other financial product, foreign exchange and real estate markets.

In many, but not all, cases, we use words such as aim, anticipate, believe, estimate, expect, hope, intend, may, plan, predict, should, will, would and similar expressions, as they relate to us or our management, to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those which are anticipated, aimed at, believed, estimated, expected, intended or planned.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in forward-looking statements as a result of various factors. We identify in Risk Factors and elsewhere in this prospectus as well as other information included in, or incorporated by reference into, this prospectus important factors that could cause actual results to differ. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others:

- negative changes in economic conditions in Japan and other countries;

continued extreme market volatility due to ongoing global financial instability;

the ability to integrate our businesses, product lines and branch offices with newly acquired or soon-to-be-acquired businesses in a manner that achieves the expected benefits;

timing, impact and other uncertainties associated with our other or future acquisitions or combinations and the integration of these other future acquisitions;

changes in the monetary and interest rate policies of the Bank of Japan and other central banks;

the ongoing integration of the information systems at our commercial bank subsidiary;

fluctuations in interest rates, equity prices and currency exchange rates, the adequacy of loan loss reserves, the inability to hedge certain risks economically, changes in consumer spending and other habits, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which we and our affiliates operate;

risks of international business;

regulatory risks;

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- contingent liabilities;
- competitive factors in the industries in which we compete, and the impact of competitive services and pricing in our market;
- risks associated with debt service requirements;
- degree of financial leverage; and
- other risks referenced from time to time in our filings with the U.S. Securities and Exchange Commission.

We do not intend to update these forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

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CAPITALIZATION AND INDEBTEDNESS

The following table presents our capitalization and indebtedness at March 31, 2008 on an actual basis and on an as adjusted basis to give effect to the receipt of the net proceeds from the issuance and sale of the shares in the global offering (assuming no exercise of the over-allotment options).

	At March 31, 2008	
	Actual	As adjusted
	(in millions)	
Total short-term borrowings	¥ 26,247,032	¥ 26,247,032
Long-term debt:		
Obligations under capital leases	150,787	150,787
Obligations under sale-and-leaseback transactions	57,925	57,925
Unsubordinated debt(1)	4,455,034	4,455,034
Subordinated debt(2)(3)(4)	5,651,260	5,651,260
Obligations under loan securitization transaction	3,360,244	3,360,244
Total long-term debt	13,675,250	13,675,250
Minority interest	663,816	663,816
Shareholders equity:		
Preferred stock, with no stated value(5) (6)	247,100	247,100
Common stock, with no stated value(5)(7) (8)	1,084,708	1,101,504
Capital surplus	5,791,300	5,808,096
Retained earnings:(9)		
Appropriated for legal reserve	239,571	239,571
Unappropriated	935,309	935,309
Accumulated other changes in equity from nonowner sources, net of taxes	919,420	919,420
Treasury stock, at cost (503,153,835 common shares, actual; 203,153,835 common shares, as adjusted)(7)(8)	(727,293)	(413,178)
Total shareholders equity	8,490,115	8,837,821
Total capitalization and indebtedness	¥ 49,076,213	¥ 49,423,919

(1) BTMU, Mitsubishi UFJ Trust and Banking Corporation, or MUTB, and Mitsubishi UFJ Securities Co., Ltd., or MUS, which are MUFG s most active subsidiaries with respect to the issuance of bonds, issued ¥220 billion aggregate principal amount of unsubordinated bonds between April 1, 2008 and October 15, 2008. During the same period, the three subsidiaries redeemed ¥270 billion aggregate principal amount of unsubordinated bonds.

(2) BTMU, MUTB and MUS issued ¥210 billion aggregate principal amount of subordinated bonds and ¥196 billion aggregate principal amount of subordinated loans between April 1, 2008 and October 15, 2008. During the same period, the three subsidiaries redeemed ¥104 billion aggregate principal amount of subordinated bonds and ¥131 billion aggregate principal amount of subordinated loans.

(3) On June 30, 2008, one of our special purpose companies redeemed a total of $1 billion of non-cumulative and non-dilutive perpetual preferred securities.

(4) On September 2, 2008, a special purpose company issued ¥222 billion aggregate liquidation preference amount of non-cumulative perpetual preferred securities.

(5) On September 30, 2008, 22,400,000 shares of Class 12 preferred shares were converted into 28,140,710 shares of common stock. On August 1, 2008, 17,700,000 shares of Class 8 preferred shares were converted into 43,895,180 shares of common stock.

(6) On November 17, 2008, MUFG issued 156,000,000 shares of First Series Class 5 Preferred Stock by way of a third party allotment for net proceeds of approximately ¥389.9 billion.

(7) Between April 1, 2008 and October 31, 2008, MUFG repurchased 126,982 shares of common stock upon request of holders of less than one unit of shares of common stock and MUFG delivered 83,236 shares of common stock upon request of any holder of less than one unit of shares of common stock to make such holder s holding one full unit of shares. Between April 1, 2008 and October 15, 2008, 569,700 shares of common stock were issued or delivered upon exercise of stock acquisition rights issued as stock options.

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(8) On August 1, 2008, MUFG allocated 447,982,086 shares of common stock, previously held as treasury stock, to former shareholders of Mitsubishi UFJ NICOS in a share exchange transaction. Of the allocated shares, MUFG repurchased 247,677,147 shares from BTMU and 765,900 shares from MUTB, respectively, on September 25, 2008.

(9) On June 27, 2008, our shareholders approved the appropriation of retained earnings totaling approximately ¥76 billion for the payment of annual dividends of ¥7 per share of common stock, ¥30 per share of First Series Class 3 Preferred Stock, ¥7.95 per share of Class 8 Preferred Stock, ¥2.65 per share of Class 11 Preferred Stock and ¥5.75 per share of Class 12 Preferred Stock and, on November 18, 2008, we approved the appropriation of retained earnings totaling approximately ¥77 billion for the payment of interim dividends.

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USE OF PROCEEDS

We expect to receive approximately ¥346.55 billion in net cash proceeds from the issuance and sale of new shares and the sale of treasury shares in the global offering, which we plan to use to make an investment in our wholly owned subsidiary, BTMU, to strengthen our overall capital base. BTMU expects to use those funds for general corporate purposes.

These amounts are after deducting the underwriters discounts and commissions and ¥1.16 billion of estimated aggregate expenses payable by us.

If the U.S. underwriters, the international underwriters and the Japanese underwriters elect to exercise their options to purchase up to an additional 26,000,000, 39,100,000 and 65,200,000 shares, respectively, of our common stock in full, we expect to receive an additional ¥52.09 billion in net cash proceeds, which we also plan to use to make an investment in BTMU to strengthen our overall capital base. BTMU expects to use those funds for general corporate purposes.

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RECENT DEVELOPMENTS

Effects of Challenging Business Environment in Recent Periods

The global financial market instability initially triggered by disruptions in the U.S. credit markets and negative trends in the global economy has continued to worsen in recent months. Japan is also experiencing a difficult business environment with the Nikkei Stock Average, which is an average of 225 blue chip stocks listed on the Tokyo Stock Exchange, reaching a 26-year low of ¥7,162.90 on October 27, 2008.

The difficult business environment in Japan and globally has adversely affected our business and financial results in recent periods. Although we have not compiled any updated interim U.S. GAAP financial information since we published our U.S. GAAP financial information as of and for the fiscal year ended March 31, 2008, we announced on November 18, 2008, our interim Japanese GAAP financial data as of and for the six months ended September 30, 2008. Our interim Japanese GAAP financial results were adversely affected by the ongoing global financial instability and negative trends in the Japanese economy. For a detailed discussion of our interim Japanese GAAP financial information as of and for the six months ended September 30, 2008, please see Annex B and Annex C to this prospectus. However, because there are significant differences between U.S. GAAP and Japanese GAAP, the interim Japanese GAAP financial information that we published is not directly comparable to the information set forth in our consolidated financial statements prepared in accordance with U.S. GAAP and incorporated by reference into this prospectus. Please refer to the unaudited reverse reconciliation of selected financial information included in Annex A to this prospectus for a quantification of the material differences between U.S. GAAP and Japanese GAAP with respect to our most recently completed fiscal year.

We expect the severe business conditions, resulting from the global financial market instability and the slowdown in the economy in Japan and globally, to continue in the near term. As a result, our future operating and financial results are highly uncertain and subject to significant change. For example, although in May 2008, we were forecasting Japanese GAAP financial results for the current fiscal year to be substantially in line with the prior fiscal year s Japanese GAAP results, the recent negative developments caused us to announce significant downward adjustments to our Japanese GAAP financial forecasts on October 31, 2008. Specifically, in comparison to our Japanese GAAP financial forecasts for the current fiscal year announced in May 2008, we lowered our ordinary profit forecast by more than half and our net income forecast by approximately two-thirds. We announced lower financial forecasts for the current fiscal year because we expect:

- lower fees from investment products in retail business and derivative transactions in corporate banking business;
- lower trading income;
- increased impairment losses on equity securities resulting from the continuing decline in equity security prices in Japan generally; and
- increased credit costs resulting mainly from deteriorating business conditions for our customers.

In response to the current global financial difficulties, various measures have been taken, or are being contemplated, by the Japanese central bank, the Japanese government and other organizations to stabilize and stimulate the Japanese economy. For example, on October 31, 2008, the Bank of Japan lowered its target for the uncollateralized overnight call rate by 20 basis points to 0.3%;

the government has taken certain measures with respect to equity transactions, including tighter restrictions on short sales of listed shares and relaxing restrictions on share buy-backs;

there are media reports that the Banks Shareholdings Purchase Corporation may resume purchasing shares held by banks; and

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the Japanese Financial Services Agency is expected to implement revised capital adequacy guidelines under which a bank (including a bank holding company) with international operations will no longer be required to reflect in its Tier 1 capital unrealized gains or losses on yen-denominated Japanese government bonds and certain other securities (excluding shares) with a risk weight of 0% under the Standard Approach.

Despite these newly implemented or contemplated measures, the financial markets or overall economy in Japan and globally may not improve in the near term. In fact, business conditions in Japan and globally could become even more challenging than we currently anticipate and as a result, our actual Japanese GAAP results for the current fiscal year may be lower than our current financial forecasts. See Cautionary Statement Concerning Forward-Looking Statements. Although we periodically issue forecasts of our Japanese GAAP financial results, they are made in order to comply with the Tokyo Stock Exchange requirements based on various assumptions and estimates, and investors should not place any reliance on them.

Strategic Global Alliance with Morgan Stanley

On October 13, 2008, we acquired approximately $7,839.2 million of perpetual non-cumulative convertible preferred stock without voting rights and approximately $1,160.8 million of perpetual non-cumulative non-convertible preferred stock without voting rights issued by Morgan Stanley. The acquisition was made pursuant to an agreement with Morgan Stanley to enter into a strategic capital alliance originally executed on September 29, 2008, and subsequently modified on October 3, October 8 and October 13, 2008.

The acquired shares of the convertible preferred stock are convertible to 310,464,033 shares of common stock (at a conversion price of US$25.25 per share). One half of the convertible preferred stock will be converted to common stock one year after our investment, subject to approval by shareholders, if the price of Morgan Stanley s common stock exceeds $37.875 for 20 or more days out of 30 consecutive trading days. The remainder of the convertible preferred stock will be converted to common stock two years after our investment, subject to approval by shareholders, if the same conditions are satisfied. The non-convertible preferred stock is redeemable at Morgan Stanley s option on or after three years of our investment for an aggregate redemption price of approximately $1,276.9 million. The shares of the convertible and non-convertible preferred stock have a fixed annual dividend of 10%. The convertible shares provided us with an aggregate of approximately 21% of the voting rights of Morgan Stanley on a fully diluted basis at the time of our acquisition. The conversion terms contained in the convertible preferred stock are subject to the approval of Morgan Stanley s shareholders. If Morgan Stanley fails to obtain the required shareholder approval by February 17, 2009, the annual dividend rate on the convertible preferred stock will increase from 10% to 13% until Morgan Stanley receives shareholder approval.

We have the right to maintain a 20% investment ratio in Morgan Stanley on a fully diluted basis and, as long as we hold an investment ratio of 10% or more in Morgan Stanley on a fully diluted basis, we have the right to appoint one director and one observer to its board. Beginning one year after our investment, we also have the right to demand that Morgan Stanley register, under the Securities Act of 1933, the shares of common stock issued or issuable by Morgan Stanley that we request to be so registered on up to five occasions, subject to certain conditions.

Through our capital alliance with Morgan Stanley, we plan to pursue a global strategic alliance in corporate and investment banking, retail, investment management and other businesses. In order to maximize the effectiveness of the alliance, we and Morgan Stanley are targeting to establish a concrete strategy by June 30, 2009. We have formed a steering committee among senior executives of MUFG and Morgan Stanley and have begun preliminary discussions regarding the alliance.

In a separate transaction, on October 28, 2008, the U.S. Department of the Treasury purchased for an aggregate purchase price of $10,000,000,000, (1) 10,000,000 shares of fixed rate cumulative perpetual preferred stock, and (2) a warrant to purchase up to 65,245,759 shares of common stock, of Morgan Stanley. The purchase

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was made under the TARP Capital Purchase Program, announced on October 14, 2008, through which the Treasury Department will invest in various U.S. financial institutions. As a result of this purchase, our investment ratio in Morgan Stanley decreased to approximately 20% on a fully diluted basis.

Completion of Tender Offer and Merger to Acquire All the Outstanding Shares of UNBC

On September 26, 2008, we and BTMU completed a cash tender offer for approximately $3.5 billion to purchase all of the outstandin