

New Group's Financial Targets, Integration Effects and Strategies for Three Core Business Lines

Tokyo, February 18, 2005 --- Mitsubishi Tokyo Financial Group, Inc. (President and CEO: Nobuo Kuroyanagi) and UFJ Holdings, Inc. (President and CEO: Ryosuke Tamakoshi) previously announced the “Basic Policy Regarding Management Integration: Aiming at Becoming One of the ‘Global Top 5’” and the “Business Management Framework for the New Group” and established the new group’s financial targets, integration effects and strategies for its three key businesses: retail, corporate and trust assets businesses.

The new group will devote its management efforts to achieve the goal of becoming a comprehensive financial group that provides customer-oriented services and enjoys the strong support of its customers. Based on a customer-oriented philosophy, it will aim to achieve its “Global Top 5” aspiration by building on its “Five Competitive Advantages *” over other Japanese financial groups.

Aspiration
~ Global Top 5 ~
Aiming “to become one of the top five global financial institutions in terms of market value by the end of fiscal year 2008”

* Five Competitive Advantages

- (1) Japan’s preeminent global network and presence
- (2) Strong business foundation based on retail deposits and strong customer base
- (3) Strong financial and capital foundation
- (4) Highly complementary business and networks
- (5) Strong corporate governance and transparent management appropriate for a NYSE-listed company

1. Financial Targets (Fiscal Year 2008)

	FY 2004 Estimates ^{*1}	FY 2008 Targets	Increase/Decrease
Consolidated net operating profit ^{*2}	Approximately 1,600 billion yen	Approximately 2,500 billion yen	50-60% increase
Consolidated expense ratio	50-55%	40-45%	Approximately 10 points less
Consolidated net income	(-410 billion yen)	Approximately 1,100 billion yen	-
Consolidated ROE	(-Approximately 9%)	Approximately 17%	-

^{*1} Simple combined basis of both groups’ officially announced business-results forecasts.

^{*2} Consolidated net operating profit before consolidation adjustments (management accounting basis, excluding dividend income from subsidiaries.)

○ Underlying macroeconomic assumptions

	FY 2005	FY 2006	FY 2007	FY 2008
3M Tibor (period average)	0.13%	0.29%	0.41%	0.46%
10 year JGB (period average)	1.81%	2.22%	2.29%	2.29%
JPY to 1USD (at FY end)	105 yen	105 yen	105 yen	105 yen
Real GDP growth rate (annual)	1.1%	1.9%	1.0%	1.8%

2. Integration Effect (Synergies)

(1) Cost Synergies

	Target Amount ^{*1}	Major Breakdown ^{*1}
Cost Synergies	Approximately 240 billion yen * (Savings in expenses for FY 2008)	Staff reduction: Approximately 40 billion yen Systems: Approximately 80 ~ 90 billion yen Branch consolidation: Approximately 20 billion yen Head office expenses, etc.: Approximately 60 billion yen Subsidiary related: 30 billion yen

^{*1}With respect to items other than “subsidiary related,” the figures shown are the aggregation of banks, trust banks and securities firms on a non-consolidated basis.

- Aiming to realize annual cost savings of approximately 240 billion yen (net approximately 180 billion yen) in fiscal year 2008. In the first one to two years, integration-related costs are expected to temporarily exceed cost synergies.
 - A group-wide reduction and reassigning of roughly 10,000 employees is scheduled to be implemented by streamlining back office operations mainly in the head office. The aim is to reduce staff by approximately 6,000 while reassigning approximately 4,000 to strategic business areas and marketing sections by fiscal year 2008.
 - The integration of systems relating to treasury activities and overseas activities are scheduled to be completed by the integration date. The integration of the domestic settlement and information systems is scheduled to be completed by the end of fiscal year 2007.
 - Approximately 170 retail branches and 100 corporate branches in Japan, and approximately 30 overseas branches will be consolidated by fiscal year 2008.
 - In addition, efforts will be made to reduce other expenses, such as head office expenses.

(Note 1) In the five year period through fiscal year 2009, approximately 60 billion yen is expected to be incurred annually on integration-related costs, including costs related to the integration of systems and branches.

(Note 2) In addition to the one-time costs, extraordinary charges of approximately 360 billion (of which more than a majority is non-cash items such as write-offs and provision for additional reserves) is expected in fiscal year 2005.

(2) Revenue Synergies

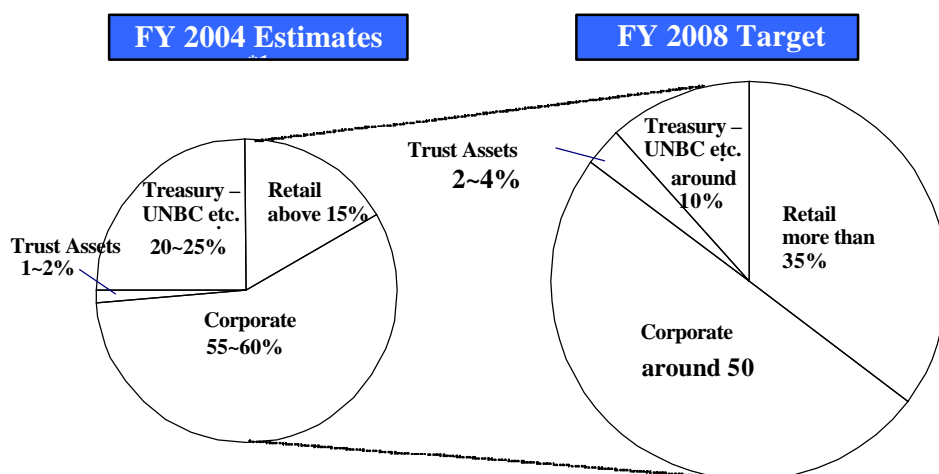
	Target Amount ^{*1}	Major Breakdown
Revenue Synergies	Approximately 40 billion yen (Increase in gross profit for FY 2008)	Retail: sales of investment products, residential mortgage loans, card business, etc. Corporate: overseas services, real estate business, settlement business, etc. Trust Assets: enhanced product development capabilities, outsourcing business, etc.

^{*1} Net increase in gross profit expected to be realized in FY 2008.

- For the first one to two years after the merger, a decrease in revenue^{*2} is expected from adjustments in loan exposures to certain borrowers; however, revenue synergies are expected to begin to outweigh revenue decrease in the fiscal year 2008, through expanded sales of comprehensive cards and investment products, and leveraging the MTFG group's strong global network and the UFJ group's strong domestic settlement functions. The new group will aim to increase gross profit by approximately 40 billion yen for fiscal year 2008.
(^{*2} The level of decrease for each of the first two years is expected to be at similar levels as the level of increase in gross profit for fiscal year 2008.)

3. Business Portfolio of the New Group

The new group will further strengthen its three core business lines (retail, corporate and trust assets) in order to attain its financial goals. In fiscal year 2008, the aim is to increase the percentage of net operating profits generated by the three core business lines to approximately 85% to 90%. In particular, the aim is to increase the percentage of net operating profits accounted for by the retail business, which is expected to grow in the future, to 35% or more, and to build a balanced business portfolio that can deliver stable profits.

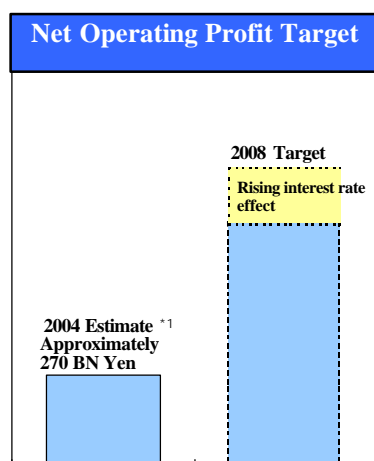


*1 Simple combined basis of the two groups.

4. Strategies for the Three Core Business Lines

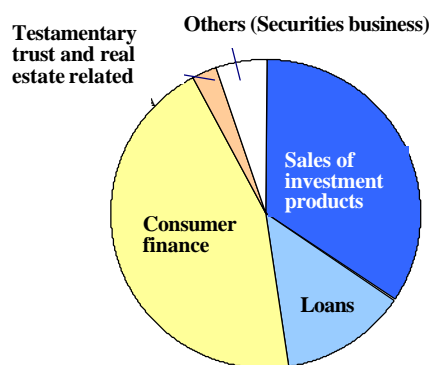
The strategies of the three core business lines (retail, corporate and trust assets) to attain the financial targets in fiscal year 2008 are as follows (figures for fiscal year 2004 are estimates).

(1) Retail



*1 Simple combined basis.

Growth Drivers ^{*2} (Image)



*2 Breakdown of changes in gross profit growth from fiscal year 2004 (estimates) to fiscal year 2008 (targets) (excluding the effect of expected rising interest rates and Nippon Shinpan becoming a subsidiary.)

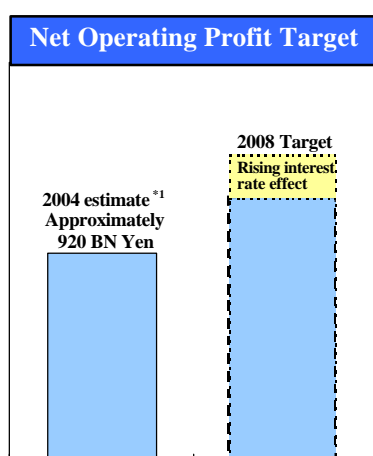
- ◇ The retail banking sector will have a preeminent customer base of approximately 40 million customers and approximately 66 trillion yen (Bank + Trust Bank ^{*3}) in deposits, provide Japanese customers with world class products and services, and increase customer satisfaction and maximize profits by utilizing its enhanced product development capabilities realized through global strategic alliances. (^{*3} Simple combined basis as of the end of September 2004)
- ◇ The aim is to triple operating profits by fiscal year 2008 from fiscal year 2004 (aiming at a two-fold increase on a basis that excludes the effect of expected increases in interest rates).

[Key Strategic Business Areas]

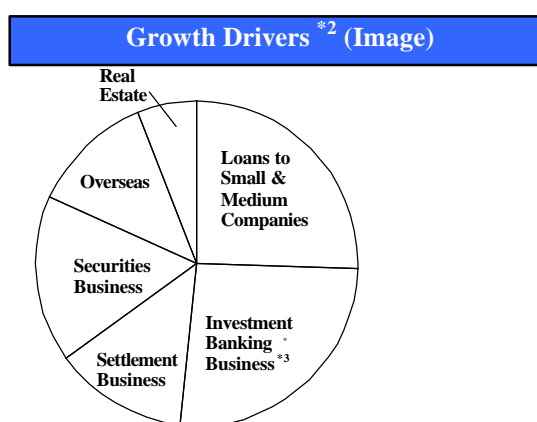
- Sales of investment products (annuity insurance, stock investment trusts, foreign currency deposits, etc.)
The aim is to expand profits from investment products by developing cutting-edge products and services through strategic alliances with Manulife, AIG, AXA, Millea and other leading global companies, and strategically increasing the staff responsible for customers (currently at approximately 2,500) by 1,000 employees (aiming to increase fiscal year 2008 investment product sales by approximately 80% compared to fiscal year 2004). In addition, the new group aims to increase consulting capabilities and strengthening compliance by thoroughly training its staff responsible for customers.
- Housing loans
The new group will strengthen its housing developers' sales skills and develop campaign products to expand housing loans (aiming to increase the amount of new housing loans executed in fiscal year 2008 by approximately 600 billion yen compared to fiscal year 2004 (approximately 3.2 trillion yen)).

- **Consumer finance**
The new group will take full advantage of its know-how, customer base and infrastructure with the aim to expand operating profits from the consumer finance business. A full product lineup will be offered, including high security super IC cards -- “comprehensive cards,” credit cards from NICOS, UFJ and DC, and tie-up products with ACOM, to respond to the diverse customer needs and build new markets (accumulated total issuance of comprehensive cards by fiscal year 2008 targeted to exceed five million).
- **Testamentary and Real Estate Related Business**
The new group will take full advantage of its “plazas” and trust agency system to meet customer needs for trust services at the bank, particularly with wealthy customers (aiming to increase the amount of assets handled in inheritance businesses for fiscal year 2008 by 40% compared to fiscal year 2004).

(2) Corporate



*1 Simple combined basis of the two groups.



*2 Breakdown of changes in gross profit growth from fiscal year 2004 (estimates) to fiscal year 2008 (targets) (excluding the effect of revenue increase from deposits and lending revenue decrease due to collection of non-performing loans).

*3 Total of domestic investment banking business for banks and trust banks. Revenues from Mitsubishi UFJ Securities are included in the securities business.

- ◇ The corporate banking sector will have the largest customer base in Japan of approximately 280,000 companies and loans of approximately 67 trillion yen*, aim to provide “the highest quality services” and “innovative products” and secure a leading position in each business area with respect to transactions with Japanese companies both in Japan and overseas.
- ◇ The aim is to increase fiscal year 2008 operating profits by 35% to 45%, compared to fiscal year 2004.

* The amount of consolidated loans for both groups minus the balance of consumer loans (bank accounts + trust accounts, as of the end of September 2004).

[Key Strategic Business Areas]

- **Transactions with small- and medium-sized companies**
The new group aims to increase loans to small- and medium-sized businesses in fiscal year 2008 by more than 40% compared to fiscal year 2004 by developing a new business model that focuses on measures such as strategically injecting management resources and

dramatically increasing customer contact points. In addition, the new group plans to enhance its nationwide branch network by increasing business locations, strengthening alliances with TKC and other financial institutions, greatly expanding the sales staff, and undertaking other similar measures.

■ Settlement business

In the domestic settlement business, the new group aims to expand its share of outward bank transfers from 18% in fiscal year 2004 to more than 20% in fiscal year 2008 by providing customized services for large companies, increasing contact points with medium and small company clients and utilizing online banking call centers to develop a highly efficient business model. In addition, in the foreign currency business, the new group aims to further increase the volume handled and revenues generated from foreign currency services by providing Japan's most sophisticated foreign currency services and enhancing trade financing products and IT products to match the needs of its corporate clients.

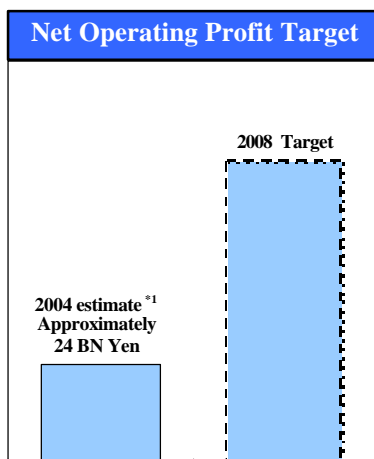
■ Investment banking business

The new group will strive to strategically introduce staff and greatly strengthen its presence in derivatives, syndicated loans, asset financing, structured financing, and other growth business areas, and will aggressively build its market solicitation business, securities brokerage business, and other new businesses with the aim of increasing investment banking profits (on a gross profit basis) in fiscal year 2008 by more than 25-30% compared to fiscal year 2004.

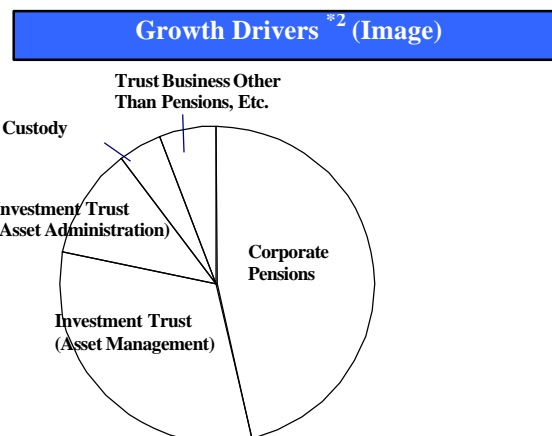
■ Overseas business / Asia business

The new group considers the Asian region to be an important area based on the affinity with Japan and the potential for growth. By providing aggressive support to the expansion of Japanese companies in China and elsewhere, the new group will seek to increase its share in transactions involving Japanese companies and will strongly promote transactions with global enterprises in Europe and the United States and leading local companies, with the aim of increasing profits from businesses in Asia (on a net operating profit basis) for fiscal year 2008 by more than two-fold compared to fiscal year 2004.

(3) Trust Assets



*1 Simple combined basis of the two groups.



*2 Breakdown of changes in gross profit growth from fiscal year 2004 (estimates) to fiscal year 2008 (targets).

- ◇ With respect to the pension business, the new group will aim to improve profitability by strategically focusing on active investment products as it enhances its market presence as a result of the management integration, by focusing the know-how of the new group to enhance its product lineup, and through other similar measures.
- ◇ In the high growth sector of investment trusts, the new group will further expand its industry-leading banking operations by increasing transactions with the new group's broader retail customer base.
- ◇ By increasing gross profits and reducing costs, the new group aims to triple its fiscal year 2004 operating profits by fiscal year 2008.

[Key Strategic Business Areas]

- Pension business
In the corporate pension market, the new group will strive to expand profits by offering a variety of products, including special active, alternative, enhanced and passive products, designed to respond to customer needs. In addition, the new group aims to expand both passive investment management services and specified money trusts in pensions further by offering services benefiting from economies of scale. Moreover, the new group aims to increase its pension trust balance to over 30 trillion yen by fiscal year 2008 from the fiscal year 2004 level of approximately 20 trillion yen, and increase its market share from 30% in fiscal year 2004 to roughly 35% in fiscal year 2008.
- Investment trust business / asset management
The new group will integrate production and sales functions and build an efficient sales system by greatly enhancing its product development capacity and enhancing professional support to the group's sales channels by combining the strengths of Mitsubishi Investment Trust and UFJ Partners Investment Trust, which are scheduled to merge after October 2005. In addition, the new group will strengthen its commitment to strategic areas, such as services targeting regional banks and enhancing retail channels of the new bank. In the growing investment trust market, the new group will aim for a market share that exceeds 10% by fiscal year 2008, and seek to double its fiscal year 2004 profits from the investment trust management business.
- Investment trust business / asset administration
The new group, along with The Master Trust Bank of Japan (MTBJ), will aggressively incorporate new products and schemes by strengthening its processing function. The new group aims to maintain and expand its industry-leading stock investment trust business to establish the industry's *de facto* standard.

All financial information, estimates and targets presented in this press release are based on Japanese GAAP. There are significant differences between Japanese GAAP and U.S. GAAP.

Filings with the U.S. SEC

Mitsubishi Tokyo Financial Group, Inc. (“MTFG”) may file a registration statement on Form F-4 (“Form F-4”) with the U.S. SEC in connection with the proposed management integration of UFJ Holdings, Inc. (“UFJ”) with MTFG. The Form F-4 (if filed) will contain a prospectus and other documents. If a Form F-4 is filed and declared effective, UFJ plans to mail the prospectus contained in the Form F-4 to its U.S. shareholders prior to the shareholders meeting at which the proposed business combination will be voted upon. The Form F-4 (if filed) and prospectus will contain important information about MTFG, UFJ, management integration and related matters. **U.S. shareholders of UFJ are urged to read the Form F-4, the prospectus and the other documents that may be filed with the U.S. SEC in connection with the management integration carefully before they make any decision at the UFJ shareholders meeting with respect to the proposed business combination.** The Form F-4 (if filed), the prospectus and all other documents filed with the U.S. SEC in connection with the management integration will be available when filed, free of charge, on the U.S. SEC’s web site at www.sec.gov. In addition, the prospectus and all other documents filed with the U.S. SEC in connection with the management integration will be made available to shareholders, free of charge, by calling, writing or e-mailing:

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In addition to the Form F-4 (if filed), the prospectus and the other documents filed with the U.S. SEC in connection with the management integration, MTFG is obligated to file annual reports with, and submit other information to, the U.S. SEC. You may read and copy any reports and other information filed with, or submitted to, the U.S. SEC at the U.S. SEC’s public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the other public reference rooms in New York, New York and Chicago, Illinois. Please call the U.S. SEC at 1-800-SEC-0330 for further information on public reference rooms. Filings with the U.S. SEC also are available to the public from commercial document-retrieval services and at the web site maintained by the U.S. SEC at www.sec.gov.

Forward-Looking Statements

This communication contains forward-looking information and statements about MTFG, UFJ and their combined businesses after completion of the management integration. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words “expect,” “anticipates,” “believes,” “intends,” “estimates” and similar expressions. Although MTFG’s and UFJ’s management believe that the expectations reflected in such forward-looking statements are reasonable, investors and holders of UFJ securities are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of MTFG and UFJ, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public filings with the SEC and the local filings made by MTFG and UFJ, including those listed under “Cautionary Statement Concerning Forward-Looking Statements” and “Risk Factors” in the prospectus included in the registration statement on Form F-4 that MTFG may file with the U.S. SEC. Other than as required by applicable law, MTFG and UFJ do not undertake any obligation to update or revise any forward-looking information or statements.