December 25, 2002

To whom it may concern:

UFJ Holdings, Inc.

“Accelerated Business Reform Plan” of The UFJ Group

Since the establishment in April 2001, the UFJ Group has made continuous effort to maximize its speediness and innovativeness and to strengthen its management basis. In January 2002, UFJ Bank was established through the merger of subsidiary banks and is making achievement in such way as steady realization of integration effects.

However, in consideration of the difficult business environment under continuous deflation, we have recognized the necessity of further acceleration of business restructuring and developed the “Accelerated Business Reform Plan”(the “Plan”).

In line with the Plan, we will accelerate the speed of tackling on the problem loan issue, aim to become an “innovative financial group, which provides comprehensive financial services mainly to the retail and mid-sized corporate customer base”, and make further reinforcement of profitability.

Through the following measures, the UFJ Group will provide further satisfying services to the customers and enhance the value of shareholders simultaneously.

<Outline of the Plan>

1. Improvement of Financial Positions
   - Resolution to the Problem Loan Issue and Issue of Large Troubled Borrowers
   - Reduction of Cross Shareholdings
2. Promotion of Group Business Strategy
3. Restructuring the Group Operation
4. Strengthening Equity Capital

Goal of the UFJ Group

Innovative financial group, which provides comprehensive financial services mainly to the retail and mid-sized corporate customer base

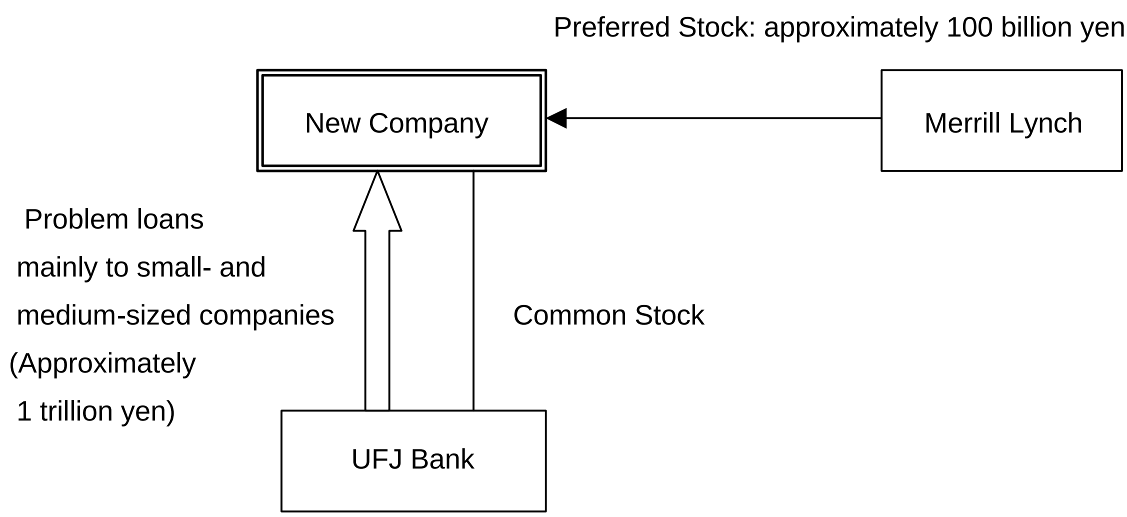
1. Improvement of Financial Positions

(1) Resolution to the Problem Loan Issue and Issue of Large Troubled Borrowers

Through the following measures, the UFJ Group plans to reduce problem loans to below 4% of all loans by March 2005, which meets the goal presented in the Program for Financial Revival.

□ <u>Establishment of the Separate Company with Merrill Lynch</u>

- ➢ In order to accelerate the reduction of problem loans, UFJ Bank transfers its problem loans mainly to small and medium-sized companies, total principal of which is approximately 1 trillion yen, to a newly formed company (the 'Company'). (Outline of the initiative was already announced on November 25, 2002.)
- ➢ Merrill Lynch will subscribe new preferred stock of approximately 100 billion yen to be issued by the Company.
- ➢ Introduction of know-how from Merrill Lynch allows the Company to accelerate the rehabilitation of troubled borrowers and the final resolution of problem loans.



* Please refer to the separate announcement 'Progress of "Efforts to Solve Problem Loan Issues and Strengthen Equity Capital"' for detail.

□ <u>Establishment of Rehabilitation Plans for Large Troubled Borrowers</u>

- ➢ Supporting the establishment of rehabilitation plans for large troubled borrowers has almost been completed after the recent announcement of two trading houses integration through the foreign capital injection and its know-how introduction.

- The UFJ Group will continue to watch the progress of revitalization plans of large troubled borrowers and assist their corporate rehabilitation through supporting restructurings and consolidations in each industry.

□ Impact of the Program for Financial Revival

The UFJ Group will announce the impact of the Program for Financial Revival, such as the introduction of "DCF-type" measures, on its financials after the release of the Plan's detail.

(2) Reduction of Cross Shareholdings

To lower risks associated with the fluctuating stock market, the UFJ Group plans to sell 1.2 trillion yen of cross shareholdings during the 2nd half of the current fiscal year as was initially planned. The UFJ Group will reduce the balance of the regulated cross shareholdings below Tier I capital by September 2003, one year ahead of the regulatory deadline.

The UFJ Group also plans to reduce the regulated cross shareholdings to 1.5 trillion yen by the end of the fiscal year 2003 and to 1.4 trillion yen by the end of the fiscal year 2004.

2. Promotion of Group Business Strategy

The UFJ Group will utilize its strength as a comprehensive financial group, enlarge profit-earning opportunity, and realize further integration effects.

By steady implementation of the following new measures and existing business strategies, the target level of business profit of the UFJ Group will be 900 billion yen in FY 2004 and 1,250 billion yen in FY 2007.

Management resources will be heavily allocated for retail and mid-sized corporate business. And by shifting human resources and strengthening product development, we increase the percentage of business profit from retail and mid-sized corporate business to about 50% in FY2004 and between 60 and 70 % in FY 2007.

(Yen bil.)

	Forecast for FY 2002	FY 2004 (target)	FY 2007 (target)
Group Business Profit	775	900	1,250
(non commercial banking business)	(60)	(150)	(250)
Percentage of Business Profit from Retail and Mid-sized Corporate Business	29%	about 50%	between 60% and 70%

(1) Drastic Reinforcement of Trust Business

- Through further reinforcement of trust business (real estate, pension, corporate agency business, etc.) of UFJ Trust Bank and distribution of trust related services to the customer base of UFJ Bank, business profit from trust business will drastically increase from the current figure. (37.5 billion yen forecasted in FY 2002)
- In FY 2007, business profit from trust business and closely-connected asset management business will be about 100 billion yen.
- Upon the reinforcement of trust business, in consideration of the integration of lending and deposit-taking business of the subsidiary banks (during the 2nd half of FY 2004), we will reallocate employees from lending and deposit-taking business to trust business.

(2) Expansion of Insurance Business

- To reinforce sales of annuity insurance for retail customers, we will increase the number of sales staff by about 200, including the new recruit with prior sales experience.
- To reinforce the alliance with insurance companies with strong business tie and agencies in consideration of taking the insurance agency function into the UFJ Group after deregulation.
- Through above measures, fees and commissions from insurance sales business in FY 2007 is planned for 20 billion yen.

(3) Card Processing Business by 5 Companies

- To reinforce the group card business as one of the core businesses in the future. As a first step, 5 companies (UFJ Card, other card companies and consumer credit companies with close relationships) started feasibility study to integrate administrative and system sections.
- To reinforce financial position by cost sharing and seek the possibility of a third party business in the future.

(4) Establishment of Multi-function Branch Network

- Promoting establishment of joint branches of UFJ Tsubasa Securities and UFJ Bank. (currently 61 overlapping branches)
- All wholesale branches of UFJ Bank will be the trust agency of UFJ Trust Bank.
- Expansion of joint branches of UFJ Bank and UFJ Trust Bank, in consideration of the integration of lending and deposit taking business of the subsidiary banks (currently 8 joint branches and 49 overlapping branches)
- Through making a “one-stop branch”, we will enhance customer convenience and reduce expenses for rent on a group basis.

3. Restructuring the Group Operation

In addition to the measure in progress, the Group is planning to decrease the expense ratio to gross operating profit from about 50% (current fiscal year) to 45% (FY 2004) and less than 35% (FY 2007), through the following restructuring measures.

The Group will continue reducing personnel and non-personnel expenses, ahead of the schedule of the "Plan to Revitalize Management."

(1) Streamlining of Head Office Functions

- Integrating the function of strategic planning among UFJ Holdings, UFJ Bank, and UFJ Trust Bank by further restructuring of the head office functions in order to realize faster decision-making process
- In the light of placing more emphasis on customers, reducing at least 1,000 personnel of headquarters by the end of the fiscal year 2004 and reallocating the personnel to the strategic divisions.
- Common usage of the system infrastructure among group companies

(2) Consolidating Branch Offices

- Reducing over 100 branches of UFJ Bank, UFJ Trust Bank and UFJ Tsubasa Securities (currently about 660 in total) by the end of the fiscal year 2004.

(3) Reducing the Number of Directors and Executive Officers

- Concurrent with restructuring head office functions, reducing the number of directors and executive officers from 67 to about 50 (down by 20%) by the end of the fiscal year 2003.

(4) Personnel Management System

- In FY 2001 UFJ Bank introduced the new personnel management system focused on the each individual's duties and performance regardless of the seniority.
- UFJ Trust Bank is planning to adopt the same system during FY 2003.
- The Group will adopt the best personnel management system suitable for each division in the future.

4. Strengthening Equity Capital

The UFJ Group will raise Yen 100 billion or more of Tier 1 capital by accepting outside investment to the newly formed company, which is designed to deal with problem loans.

We will also continue to pursue other measures to raise equity capital, while making every effort to enhance the value of shareholders.

The points and the working schedule are described in the attached “Action Program for Business Reform”. In line with the Plan, we will accelerate the implementation of the new measures. The Group will announce further measures once they are ready to be announced.

Action Program for Business Reform

Contents of Announcement	From January to March 2003	FY 2003 1st Half	FY 2003 2nd Half	FY 2004	FY 2007
1. Improvement of Financial Positions					
(1) Resolution to the Problem Loan Issue and Issue of Large Troubled Borrowers					
◆Problem loan ratio will be below 4% by March 2005. - Both the amount of problem loans and problem loan ratio at the end of March 2005 will be one-fourth of those at the end of March 2002.	Problem Loan ratio between 8.0% and 8.9%	→	between 5.0% and 6.0%	between 3.0% and 4.0%	
◆Supporting the establishment of rehabilitation plans for large troubled borrowers has almost been completed. – We continue to concentrate our expertise on supporting the implementation of their revitalization plans.	Problem Loan Outstanding 4 trillion yen (Doubtful and Bankrupt & Quasi-bankrupt 1.6 trillion yen)	→	2.5 trillion yen (0.8 trillion yen)	1.6 trillion yen (0.4 trillion yen)	
- Integration of two trading houses with the foreign capital injection and its know-how introduction was just announced. We will continue to watch the progress of revitalization plans of large troubled borrowers including trading houses carefully and assist their corporate revitalization through supporting their industrial restructurings, etc.					
◆With regard to problem loans to small- and midium-sized companies, the rehabilitation of troubled borrowers and the final resolution of problem loans will be accelerated through the utilization of new companies formed with foreign partners.					
- UFJ Bank transfers its problem loans of approximately 1 trillion yen mainly to small- and medium-sized companies to a new company, which will raise equity capital from Merrill Lynch (the 'Company'). The Company is to clean up problem loans through the corporate rehabilitation and the final resolution of problem loans.					
- The UFJ Group also intends to accelerate off-balancing of problem loans hereafter through the formation of funds and securitization, etc.					
◆The UFJ Group will announce the impact of the Program for Financial Revival, such as the introduction of "DCF-type" measures, on its financials after the release of the Plan's detail.					
(2) Reduction of Cross Shareholdings					
◆The UFJ Group will reduce the regulated cross shareholdings within Tier I capital prior to September 2003 - The UFJ Group plans to sell 1.2 trillion yen of cross shareholdings during the 2nd half of the current fiscal year as originally planned.	Book Value 2.5 trillion yen	(sell 0.5 trillion yen)	Book Value 1.5 trillion yen (sell 0.5 trillion yen)	Book Value 1.4 trillion yen	Book Value 1.1 trillion yen
2. Group Business Strategy					
(1)Basic Policy					
◆Providing comprehensive financial service to retail and mid-sized corporate customer base					
-Management resources will be heavily allocated to retail and mid-sized corporate business					
- Developing "cooperation with external companies"; exchanging know-hows and business channel					
◆Group business profit (consolidated): from 775 billion yen in FY 2002 (forecast) to 900 billion yen in FY 2004 and 1,250 billion yen in FY 2007	Group Business Profit (consolidated) 775 billion yen	→	→	900 billion yen	1,250 billion yen
- Business profit excluding commercial bank: from 60 billion yen in FY 2002 (forecast) to 150 billion yen in FY 2004 and 250 billion yen in FY 2007 (target)	(non commercial banking business 60 billion yen)			(150 billion yen)	(250 billion yen)
- Percentage of business profit from retail and mid-sized corporate business: from 29% in FY 2002 to about 50% in FY 2004 and between 60% to 70% in FY 2007 (target)	Percentage of retail and mid-sized corporate business 29%	→	→	about 50%	between 60% and 70%
(2)New Measures					
◆Trust Business: Integrating lending and deposit taking business of the subsidiary banks and reducing expense and reinforcing trust business by shifting human resources from lending and deposit taking business to trust business	Expanding trust agency service at branches of UFJ Bank	Trust agency service at all wholesale branches of UFJ Bank		Integration of lending and deposit-taking business of the subsidiary banks	
- Business Profit: 37.5 billion yen (forecast FY 2002) to 100 billion yen (FY 2007, including asset management business)					
◆Reinforcing group card business as one of the core businesses in the future, started feasibility study to integrate administrative and system section (reinforcement of financial position by cost sharing and pursue the possibility of a third party business in the future)					
◆Insurance Business: expanding hereafter as a part of "comprehensive financial service" to "retail and mid-sized corporate customer base"					
- Increasing about 200 sales staff for over-the-counter sales of insurance and investment trust					
- Reinforcing alliance and cooperation among the bank, agencies and insurance companies for handling needs for risk management of medium-sized corporate customers: priority area for increasing non-interest income and profit target of 20 billion yen in FY 2007					
◆Establishing multi-function branch network of commercial bank, trust bank and security company (fully utilizing branch network of commercial bank)					
- Promoting establishment of joint branches of UFJ Tsubasa Securities and UFJ Bank(currently 61 overlapping branches). Expansion of joint branch of UFJ Bank and UFJ Trust Bank (now 8), in consideration of the integration of lending and deposit-taking business of the subsidiary banks (currently 49 overlapping branches)					
3. Restructuring the Group Operation					
◆Decreasing the expenses ratio to gross operating profits from about 50% (current fiscal year) to 45% (FY 2004) and less than 35% (FY 2007).	under 50% (UFJ Bank: 44%)	→	about 48% (UFJ Bank: 43%)	45% (UFJ Bank: less than 40%)	less than 35% (UFJ Bank: 33%)
◆Streamlining of head office functions					
- To realize faster decision-making process, by increasing the number of concurrent staffs, integrating strategy planning function of UFJ Holdings, UFJ Bank and UFJ Trust Bank					
- In the light of placing more emphasis on customers, restructuring the head office functions dramatically					
- Reducing the personnel of headquarters at least 1,000 by the end of the fiscal year 2004 , and reallocating the personnel to the strategic divisions	Reducing the personnel of headquarters by 400	Reducing by 300	Reducing by 300	Further reduction	
- Common usage of the system infrastructure among group companies					
◆Reducing over 100 branches of UFJ Bank, UFJ Trust Bank and UFJ Tsubasa Securities (currently about 660 in total) by the end of the fiscal year 2004				Completion of promoting efficiency of branch network	
◆Reducing the number of directors and executive officers from 67 to about 50 (20%) by the end of the fiscal year 2003, concurrent with restructuring head office functions		Reducing the number of directors and executive officers by over 20%			
◆Personnel management system linked to each individual's duties and performance					
- In FY 2001 UFJ Bank introduced the new personnel management system linked to each individual's duties and performance. UFJ Trust Bank is planning to adopt the same system during FY 2003.			UFJ Trust Bank to adopt the new personnel management system	Completion of human resource allocation on a group basis	Establish the personnel management system suitable for each division
- The Group will adopt the best personnel management system suitable for each division in the future.					
4. Strengthening Equity Capital					
◆The UFJ Group will raise Yen 100 billion or more of Tier 1 capital by accepting outside investment to the newly formed company which is designed to deal with problem loans.					
◆The Group will also continue to pursue other measures to raise equity capital, while making every effort to enhance the value of shareholders.					