

MITSUBISHI UFJ FINANCIAL GROUP INC

Form 424B5

March 10, 2006

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PROSPECTUS SUPPLEMENT

(To prospectus dated February 28, 2006)

## **MUFG Capital Finance 1 Limited**

**\$2,300,000,000 Fixed/Floating Rate Non-Cumulative Preferred Securities**

## **MUFG Capital Finance 2 Limited**

**750,000,000 Fixed/Floating Rate Non-Cumulative Preferred Securities**

## **MUFG Capital Finance 3 Limited**

**¥120,000,000,000 Fixed/Floating Rate Non-Cumulative Preferred Securities**

**in each case fully and unconditionally guaranteed on a subordinated basis by**

## **Mitsubishi UFJ Financial Group, Inc.**

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MUFG Capital Finance 1 Limited is issuing 2,300,000 non-cumulative preferred securities, each with a liquidation preference of \$1,000 per preferred security, MUFG Capital Finance 2 Limited is issuing 750,000 non-cumulative preferred securities, each with a liquidation preference of 1,000 per preferred security, and MUFG Capital Finance 3 Limited is issuing 12,000 non-cumulative preferred securities, each with a liquidation preference of ¥10,000,000 per preferred security. The dollar-denominated preferred securities, euro-denominated preferred securities and yen-denominated preferred securities are collectively referred to as the preferred securities, and MUFG Capital Finance 1 Limited, MUFG Capital Finance 2 Limited and MUFG Capital Finance 3 Limited are collectively referred to as the finance subsidiaries. The payment of dividends and payments on liquidation or redemption with respect to the preferred securities will be fully and unconditionally guaranteed on a subordinated basis by Mitsubishi UFJ Financial Group, Inc., or MUFG.

The preferred securities will entitle holders to receive a non-cumulative preferential cash dividend starting on July 25, 2006 and then on January 25 and July 25 of each year thereafter. The finance subsidiaries will not be obligated to pay dividends on the preferred securities upon the occurrence of certain events relating to the financial condition of MUFG, as described under Description of the Preferred Securities Dividends and Dividend Suspension Suspension of Dividends.

For the period until July 25, 2016, dividends on the dollar-denominated preferred securities will be calculated at a fixed rate of 6.346% per annum on the liquidation preference. From (and including) July 25, 2016, dividends on the dollar-denominated preferred securities will be calculated at a floating rate per annum equal to six-month LIBOR in U.S. dollars plus 2.070% per annum payable semi-annually in arrears on January 25 and July 25 of each year.

For the period until July 25, 2016, dividends on the euro-denominated preferred securities will be calculated at a fixed rate of 4.850% per annum on the liquidation preference. From (and including) July 25, 2016, dividends on the euro-denominated preferred securities will be calculated at a floating rate per annum equal to six-month EURIBOR plus 2.050% per annum payable semi-annually in arrears on January 25 and July 25 of each year.

For the period until July 25, 2016, dividends on the yen-denominated preferred securities will be calculated at a fixed rate of 2.680% per annum on the liquidation preference. From (and including) July 25, 2016, dividends on the yen-denominated preferred securities will be calculated at a floating rate per annum equal to six-month LIBOR in yen plus 1.820% per annum payable semi-annually in arrears on January 25 and July 25 of each year.

The dollar-denominated and euro-denominated preferred securities are subject to redemption in whole or in part on any dividend payment date on or after July 25, 2016, the yen-denominated preferred securities are subject to redemption in whole or in part on any dividend payment date on or after July 25, 2011 and the preferred securities are subject to redemption in whole (but not in part) at any time upon the occurrence of specified events, in each case at the option of each of the finance subsidiaries and after having obtained the prior approval of the Financial Services Agency of Japan if then required.

Approval-in-principle has been received for the listing of each of the dollar-denominated preferred securities, the euro-denominated preferred securities and the yen-denominated preferred securities on the Singapore Exchange Securities Trading Limited, or the Singapore Stock Exchange. The Singapore Stock Exchange takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this prospectus supplement. Admission of the preferred securities to the official list of the Singapore Stock Exchange is not to be taken as an indication of the merits of the issuers or of the preferred securities.

Investing in the preferred securities involves risks that are described in Risk Factors Relating to the Preferred Securities beginning on page S-17 of this prospectus supplement and Risk Factors beginning on page 4 of the accompanying prospectus.

	Per dollar-denominated	Per euro-denominated	Per yen-denominated	Combined
	preferred security	preferred security	preferred security	Total(1)
Public offering price	\$ 2,300,000,000	750,000,000	¥ 120,000,000,000	\$ 4,211,321,892
Underwriting commissions	\$ 23,000,000	7,500,000	¥ 1,200,000,000	\$ 42,113,219
Net proceeds, before expenses	\$ 2,277,000,000	742,500,000	¥ 118,800,000,000	\$ 4,169,208,673

(1) Based on exchange rates of ¥117.96 = U.S.\$1.00 and 0.8389 = U.S.\$1.00, the Federal Reserve Bank of New York's noon buying rates on March 9, 2006. Neither the U.S. Securities and Exchange Commission nor any state securities commissions have approved or disapproved these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The dollar-denominated preferred securities will be ready for delivery in book-entry form only through The Depository Trust Company and its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear system, and Clearstream Banking, *société anonyme*, and the euro-denominated preferred securities and the yen-denominated preferred securities will be ready for delivery in book-entry form only through a common depository on behalf of Euroclear and Clearstream, in each case on or about March 17, 2006.

**Joint Bookrunners**

*Dollar-denominated preferred securities*

**Merrill Lynch & Co.**

**JPMorgan**

*Euro-denominated preferred securities*

**Merrill Lynch & Co.**

**Deutsche Bank**

**Mitsubishi UFJ Securities  
International plc**

*Yen-denominated preferred securities*

**Merrill Lynch & Co.**

**Nomura Securities**

**Mitsubishi UFJ Securities  
International plc**

**Senior Co-Managers**

*Dollar-denominated and Euro-denominated preferred securities*

**Morgan Stanley**

**UBS Investment Bank**

The date of this prospectus supplement is March 9, 2006.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement contains the terms of this offering. This prospectus supplement and the information incorporated by reference into this prospectus supplement adds, updates and changes information in the accompanying prospectus. If the information contained in this prospectus supplement, or the information incorporated by reference into this prospectus supplement, is inconsistent with the accompanying prospectus, this prospectus supplement or the information incorporated by reference into this prospectus supplement will apply and will supersede the information in the accompanying prospectus.

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

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. The term "finance subsidiaries" refers to MUFG Capital Finance 1 Limited, MUFG Capital Finance 2 Limited and MUFG Capital Finance 3 Limited, three exempted companies incorporated with limited liability under Cayman Islands law that may issue preferred securities fully and unconditionally guaranteed on a subordinated basis by MUFG. Unless the context otherwise requires, references to the "merger" are to the merger between Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. to form MUFG, which was implemented on October 1, 2005. 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 supplement 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 preferred securities.

In this prospectus supplement and the accompanying prospectus, references to "dollars," "U.S.," "\$" and "U.S. dollars" mean the currency of the United States, references to "euro," "Euro" and "€" mean the currency of those member states of the European Union which are participating in the European Economic and Monetary Union pursuant to the Treaty on European Union, and references to "yen," "¥" and "Japanese yen" mean the currency of Japan. This prospectus supplement contains a translation of some euro and Japanese yen amounts into U.S. dollars solely for your convenience.

Unless otherwise specified, the financial information presented in this prospectus supplement and the consolidated financial statements of MUFG and UFJ Holdings, which are included in or incorporated by reference into this prospectus supplement, are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. References to fiscal 2004 are to the fiscal year ended March 31, 2005 and references to other fiscal years have the corresponding meaning.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the 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 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 supplement, the accompanying prospectus and the documents incorporated by reference 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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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

We may from time to time make written or oral forward-looking statements. Written forward-looking statements may appear in documents filed with the SEC, including this prospectus supplement and the accompanying prospectus, documents incorporated by reference, reports to shareholders and other communications.

The U.S. Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as the information is identified as forward looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. We rely on this safe harbor in making forward-looking statements.

Forward-looking statements appear in a number of places in this prospectus supplement and the accompanying 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 the merger and realization of 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 and foreign exchange 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.

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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 this prospectus supplement, in Risk Factors Relating to the Preferred Securities, and the accompanying prospectus, in Risk Factors and elsewhere, important factors that could cause these differences. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others:

the ability to integrate our businesses, product lines and branch offices with those previously held by UFJ Holdings in a manner that achieves the expected benefits of our recent merger;

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

changes in the monetary and interest rate policies of the Bank of Japan and other G-8 central banks;

fluctuations in the interest rates, equity prices and foreign currencies, 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;

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risks of international business;

regulatory risks;

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 and interest rate fluctuations;

degree of financial leverage; and

other risks referenced from time to time in our filings with the SEC.

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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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights some of the information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. Because this is only a summary, it does not contain all of the information that may be important to you. You should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the section entitled **Risk Factors** and the consolidated financial statements and related notes of MUFJ and UFJ Holdings included in or incorporated by reference into this prospectus supplement, the accompanying prospectus and the documents incorporated by reference.*

**Mitsubishi UFJ Financial Group, Inc.**

Mitsubishi UFJ Financial Group, Inc. is a bank holding company incorporated as a joint stock company (*kabushiki kaisha*) under the Commercial Code of Japan. Formed through the merger between Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. on October 1, 2005, we are the largest bank holding company in the world when measured by total assets. We are a holding company for The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities Co., Ltd. Through our direct and indirect subsidiaries, we provide a broad range of financial services domestically in Japan and internationally to retail and corporate customers, including:

banking;

trust banking;

securities;

investment trusts;

credit cards and consumer finance;

leasing; and

international banking.

Our registered address is 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8330, Japan, and our telephone number is 81-3-3240-8111. Our web site address is <http://www.mufg.jp>. The information contained on our web site is not part of this prospectus supplement or the accompanying prospectus.

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Investing in the preferred securities offered in this offering involves risks. You should carefully consider all of the information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus before investing in the preferred securities. In particular, we urge you to consider carefully the factors set forth under "Risk Factors Relating to the Preferred Securities" beginning on page S-17 of this prospectus supplement and "Risk Factors" beginning on page 4 of the accompanying prospectus.

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**Summary of the Offering**

*For a more complete description of the terms of the preferred securities, the guarantees and related matters referred to in the following summary, see Description of the Preferred Securities and Description of Subordinated Guarantees.*

<b>Issuers</b>	<p>MUFG Capital Finance 1 Limited with respect to the dollar-denominated preferred securities;</p> <p>MUFG Capital Finance 2 Limited with respect to the euro-denominated preferred securities; and</p> <p>MUFG Capital Finance 3 Limited with respect to the yen- denominated preferred securities.</p> <p>Each of the finance subsidiaries is an exempted company incorporated with limited liability under the laws of the Cayman Islands and controlled by MUFG.</p>
<b>Guarantor</b>	<p>Mitsubishi UFJ Financial Group, Inc., incorporated as a joint stock company (<i>kabushiki kaisha</i>) under the Commercial Code of Japan.</p>
<b>Preferred Securities</b>	<p>2,300,000 dollar-denominated fixed/floating rate non-cumulative preferred securities, with a par value and liquidation preference of \$1,000 per preferred security of MUFG Capital Finance 1 Limited and which will be issued in book-entry form and the underlying beneficial interest in the preferred securities will be traded in the minimum amount of \$100,000 and in integral amounts of \$1,000 thereafter;</p> <p>750,000 euro-denominated fixed/floating rate non-cumulative preferred securities, with a par value and liquidation preference of 1,000 per preferred security of MUFG Capital Finance 2 Limited and which will be issued in book-entry form and the underlying beneficial interest in the preferred securities will be traded in the minimum amount of 50,000 and in integral amounts of 1,000 thereafter; and</p> <p>12,000 yen-denominated fixed/floating rate non-cumulative preferred securities, with a par value and liquidation preference of ¥10,000,000 per preferred security of MUFG Capital Finance 3 Limited and which will be issued in book-entry form and the underlying beneficial interest in the preferred securities will be traded in the minimum amount of ¥10,000,000 and in integral amounts of ¥10,000,000 thereafter.</p>
<b>Issue Price</b>	<p>The issue price is:</p> <p>\$1,000 per dollar-denominated preferred security;</p> <p>1,000 per euro-denominated preferred security; and</p>

¥10,000,000 per yen-denominated preferred security.

**Issue Date**

The issue date of the preferred securities is March 17, 2006.

**Dividends**

*Dollar-denominated preferred securities.* MUFG Capital Finance 1 Limited will pay dividends on the dollar-denominated preferred

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securities on a non-cumulative basis (i) up to (but excluding) July 25, 2016, at a fixed rate of 6.346% per annum payable semi-annually in arrears on January 25 and July 25 of each year, and (ii) from (and including) July 25, 2016, at a floating rate equal to the London inter-bank offered rate for six-month deposits in U.S. dollars plus 2.070% per annum payable semi-annually in arrears on January 25 and July 25 of each year.

*Euro-denominated preferred securities.* MUFG Capital Finance 2 Limited will pay dividends on the euro-denominated preferred securities on a non-cumulative basis (i) up to (but excluding) July 25, 2016, at a fixed rate of 4.850% per annum payable semi-annually in arrears on January 25 and July 25 of each year, and (ii) from (and including) July 25, 2016, at a floating rate equal to the Euro inter-bank offered rate for six-month deposits plus 2.050% per annum payable semi-annually in arrears on January 25 and July 25 of each year.

*Yen-denominated preferred securities.* MUFG Capital Finance 3 Limited will pay dividends on the yen-denominated preferred securities on a non-cumulative basis (i) up to (but excluding) July 25, 2016, at a fixed rate of 2.680% per annum payable semi-annually in arrears on January 25 and July 25 of each year, and (ii) from (and including) July 25, 2016, at a floating rate equal to the London inter-bank offered rate for six-month deposits in yen plus 1.820% per annum payable semi-annually in arrears on January 25 and July 25 of each year.

**Mandatory Suspension Event**

If any of the following has occurred and is continuing:

a liquidation event, which refers to the commencement of liquidation proceedings (*seisan*), a court adjudication of a commencement of bankruptcy proceedings (*hasan*) or court approval of preparation of a reorganization plan for the abolishment of all business (*jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan*) with respect to MUFG under the laws of Japan;

an insolvency event, which refers to the inability of MUFG to pay its debts (*shiharai-funo*), the liabilities of MUFG exceeding the assets of MUFG or Japanese regulatory authorities otherwise determining MUFG is insolvent; or

a regulatory event, which refers to the inability of MUFG to satisfy applicable Japanese banking regulatory requirements with respect to its minimum capital ratios;

then MUFG will deliver a suspension notice to each of the finance subsidiaries and the finance subsidiaries will pay no dividends with respect to the preferred securities on the relevant dividend payment date.

In addition, if:

a distributable profits limitation; or

a dividend limitation

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(each as defined below) is in effect, then MUFG will deliver a suspension notice to each of the finance subsidiaries and the finance subsidiaries will pay no dividends or reduced dividends with respect to the preferred securities on the relevant dividend payment date.

*Distributable Profits Limitation.* If MUFG's available distributable profits (calculated on or before the fifth business day prior to the relevant dividend payment date) are less than the aggregate amount of the dividends to be paid on the preferred securities on that dividend payment date, MUFG will deliver a suspension notice to the finance subsidiaries and the finance subsidiaries will (subject to the other limitations provided for in the memorandum and articles of association of the finance subsidiaries if, and to the extent, applicable) pay dividends on the preferred securities on that dividend payment date in an amount equal to MUFG's available distributable profits.

If MUFG has no available distributable profits, no payment of dividends on the preferred securities will be made on the relevant dividend payment date.

The method of calculating available distributable profits with respect to each dividend payment date is described more fully under Description of the Preferred Securities Suspension of Dividends Distributable Profits Limitation.

*Dividend Limitation.* If MUFG makes a final and conclusive declaration to pay less than the full amount of dividends on MUFG preferred shares with respect to any fiscal year, then the amount of dividends each finance subsidiary pays on its preferred securities on the dividend payment date in July of the calendar year in which that fiscal year ends and the next succeeding January will (to the extent not limited or prohibited by the distributable profits limitation and subject to the effect of any mandatory suspension event, if, and to the extent, applicable) be equal to an amount that represents the same proportion of full dividends on the preferred securities as the amount of dividends so declared on the MUFG preferred shares with respect to that immediately preceding fiscal year bore to full dividends on the MUFG preferred shares.

For this purpose, full dividends will be treated as having been paid for a particular fiscal year even if no interim dividend is paid on the MUFG preferred shares if a full dividend is paid after the end of the particular fiscal year. If MUFG makes a final and conclusive declaration not to pay dividends on MUFG preferred shares with respect to a fiscal year, no dividends will be paid on the preferred securities on the dividend payment dates that occur in July of the calendar year in which that fiscal year ends and the next succeeding January.

**Optional Suspension Event**

If MUFG:

has no outstanding preferred shares; and

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has not paid and has declared that it will not pay dividends on any of its common stock for the most recently ended fiscal year;

then MUFG may, at its sole discretion, deliver a suspension notice to the finance subsidiaries on or before the fifth business day immediately preceding the dividend payment date in July of the calendar year in which that fiscal year ends and, at its sole discretion, the next succeeding January, in which case the finance subsidiaries will pay no dividends or reduced dividends with respect to the preferred securities on the relevant dividend payment date to the extent provided in any such suspension notice.

### **Suspension Notice**

A suspension notice delivered by MUFG will state the applicable suspension event and the reason for the suspension or reduction of dividends and, in the case of an insolvency event involving an inability by MUFG to pay its debts or MUFG's liabilities exceeding its assets, be accompanied by a report of one representative director of MUFG or MUFG's auditors or liquidator confirming such existing or incipient insolvency. If more than one suspension event has occurred and is continuing, MUFG must specify the event that contains the most restrictive dividend payment terms in the corresponding suspension notice, and the finance subsidiaries will pay no or reduced dividends in accordance with the suspension notice.

A suspension notice with respect to an optional suspension event will not be effective unless a valid notice or certificate limiting the payment of dividends by at least the same percentage as those on the relevant preferred securities has also been delivered by MUFG to all issuers of parity securities (each of the dollar-denominated preferred securities, euro-denominated preferred securities and yen-denominated preferred securities will be parity securities of one another as well as other similar securities).

### **Ranking**

The preferred securities of each finance subsidiary will rank senior to its ordinary shares and *pari passu* without preference among themselves, except that,

where some or all of the amount otherwise payable as dividends on the preferred securities is not paid following the occurrence of a mandatory suspension event or optional suspension event, the dividend preference of the preferred securities will (subject to the prior payment in part of the dividends on the preferred securities if the suspension notice limits but does not prohibit the payment of dividends) attach instead to the ordinary shares of the relevant finance subsidiary, and

upon the occurrence of a liquidation event, the finance subsidiary will distribute a special dividend on its ordinary shares in priority over the preferred securities, as described below.

### **Special Dividend**

Upon the occurrence of a liquidation event, each finance subsidiary will distribute as a special dividend (whether in kind or otherwise) on



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its ordinary shares (in priority over the preferred securities) the financial assets and investments held by it other than the subordinated loan between the relevant finance subsidiary and MUFG and any amounts received or receivable under that subordinated loan.

### **Liquidation Distributions**

In the event of any voluntary or involuntary dissolution, liquidation, or winding up of the finance subsidiaries, after satisfaction of liabilities to creditors, if any, the holders of the preferred securities at the time outstanding will be entitled to receive out of assets of the relevant finance subsidiaries available for distribution to shareholders, before any distribution of assets is made to holders of any junior shares, liquidation distributions in respect of each preferred security in the amount of the liquidation preference of the preferred security, plus, if applicable, an amount equal to unpaid dividends, if any, thereon with respect to the current dividend period accrued on a daily basis through (but not including) the date fixed by the finance subsidiary for redemption, but without interest and without accumulation of dividends for any prior dividend period to the extent not due and payable in respect of such period.

### **Guarantees**

Under each subordinated guarantee agreement among MUFG, the relevant finance subsidiary and the relevant paying agent, MUFG will irrevocably and unconditionally, subject to the terms of subordination described below, guarantee the payment to the holders of the relevant preferred securities, regardless of any defense, right of set-off or counterclaim that the relevant finance subsidiary may have, of:

any dividends that are due and payable on any dividend payment date and not subject to an optional suspension event or mandatory suspension event;

the redemption price in respect of the preferred securities on any date of redemption of the preferred securities plus, if applicable, unpaid dividends that are due and payable on that date; and

upon any voluntary or involuntary dissolution, liquidation or winding up of the relevant finance subsidiary, the liquidation preference of the preferred securities;

in each case including any additional amounts relating to the preferred securities or the subordinated guarantee.

For purposes of the guarantees, dividends on the relevant preferred securities will be deemed due and payable in full on each dividend payment date unless a mandatory suspension event has occurred or a suspension notice has been properly delivered with respect to an optional suspension event.

The subordinated guarantee agreement with each finance subsidiary provides that at any time a liquidation event of MUFG has occurred and is continuing, MUFG's payment obligation pursuant to the guarantee will be subordinated such that in a liquidation of MUFG, the holders of the preferred securities will have a claim entitling them

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to substantially the same liquidation distribution to which holders of directly issued preferred shares of MUFG ranking most senior in priority as to liquidation distributions, and having a liquidation preference equal to the liquidation preference of the preferred securities, would be entitled. Any such claim will not accrue and become payable unless and until all obligations of MUFG ranking senior to the guarantees have been paid or satisfied in accordance with the relevant liquidation or reorganization proceedings.

MUFG will covenant in each subordinated guarantee agreement, for as long as the relevant preferred securities or any claims under the guarantee are outstanding, (i) to own directly or indirectly 100 per cent. of the ordinary shares of the relevant finance subsidiary, (ii) not to permit, or take any action to cause, the dissolution, liquidation or winding up of the relevant finance subsidiary, to the fullest extent permitted by law, unless MUFG is itself in liquidation, (iii) not to assign its obligations under the subordinated guarantee agreement except in the case of a merger, consolidation, corporate split or a sale, lease or other transfer of substantially all of its assets where MUFG is not the surviving entity, (iv) to procure that dividends on any parity securities are only declared or payable on the same date as the preferred securities, and (v) to pay on behalf of the relevant finance subsidiary the finance subsidiary's operating expenses or to contribute to the finance subsidiary such funds as are necessary in order to enable the finance subsidiary to pay all of its operating expenses.

If MUFG has failed to make a payment under the guarantee, a holder of the preferred securities may directly institute a proceeding in such holder's own name against MUFG for enforcement of such payment without any requirement to first bring an action against the relevant finance subsidiary or any other person or entity.

The subordinated guarantee agreement will provide a contingent obligation on the part of MUFG to pay to the relevant finance subsidiary the guarantee payments, to the extent that any such guarantee payments are claimed under the guarantee and are payable in accordance with the subordination provisions but remain unpaid. If a claim has been made under the guarantee, and such claim remains unpaid for 30 days or more, then the independent director of the relevant finance subsidiary, pursuant to the terms of the finance subsidiary's memorandum and articles of association, will be entitled to enforce the claim of the finance subsidiary under the contingent obligation without prejudice to the claims of the holders of the preferred securities under the guarantee. Pursuant to its articles, each finance subsidiary will distribute any contingent distribution it receives to the holders of the relevant preferred securities on a pro rata basis, except to the extent that any such holders received prior payment under the guarantee.

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### **Independent Director**

Certain actions by each finance subsidiary must be approved by its independent director as well as by a majority of the entire board of directors. The independent director of each finance subsidiary, acting alone and without the vote or consent of the other members of the board of directors, also has the right to enforce MUFG's contingent obligation to the finance subsidiary under the relevant subordinated guarantee agreement.

### **Voting Rights**

Unless otherwise specifically stated or expressly required by applicable law, holders of preferred securities will not be entitled to voting rights.

If a finance subsidiary fails to pay full dividends for two consecutive periods or a bankruptcy event has occurred with respect to MUFG, holders of the relevant preferred securities, by majority vote, will be entitled to remove the independent director and fill the vacancy created in relation to that position as a result of such removal or otherwise.

### **Redemption**

Except upon the occurrence of a tax event or special event, each as described below, the dollar-denominated preferred securities and the euro-denominated preferred securities may not be redeemed prior to July 25, 2016, and the yen-denominated preferred securities may not be redeemed prior to July 25, 2011.

The preferred securities may be redeemed for cash at the option of the relevant finance subsidiary, in whole or in part, on any dividend payment date commencing in July 2011, in the case of the yen-denominated preferred securities, or July 2016, in the case of the dollar-denominated preferred securities and the euro-denominated preferred securities, at a redemption price of

\$1,000 per preferred security, in the case of the dollar-denominated preferred securities;

1,000 per preferred security, in the case of the euro-denominated preferred securities; and

¥10,000,000 per preferred security, in the case of the yen-denominated preferred securities;

in each case plus, if applicable, an amount equal to unpaid dividends, if any, on the preferred securities with respect to the current dividend period accrued on a daily basis through (but not including) the date fixed for redemption, without interest and without accumulation of dividends for any prior dividend period to the extent not due and payable in respect of that dividend period. The optional redemption rights of each finance subsidiary are independent of those of the other finance subsidiaries.

### **Tax Event Redemption**

At any time prior to July 25, 2011, in the case of the yen-denominated preferred securities, or July 25, 2016, in the case of the dollar-

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denominated preferred securities and the euro-denominated preferred securities, upon the occurrence of certain changes in tax laws that would require the finance subsidiary, MUFG or The Bank of Tokyo-Mitsubishi UFJ, Ltd. to pay certain additional taxes or any additional amounts under or with respect to the relevant preferred securities, guarantees or related subordinated loans, each finance subsidiary will have the right to redeem the relevant preferred securities, in whole but not in part, for cash at a redemption price equal to the amount specified above under Redemption. The election to redeem the preferred securities by each finance subsidiary is independent of those of the other finance subsidiaries.

**Special Event Redemption**

At any time upon the occurrence of a special event (as described below), each finance subsidiary will have the right to redeem the relevant preferred securities, in whole but not in part, for cash at a redemption price equal to:

in the case of a redemption prior to July 25, 2011, in the case of the yen-denominated preferred securities, or July 25, 2016, in the case of the dollar-denominated preferred securities and the euro-denominated preferred securities, the relevant make-whole amount, as described under Description of the Preferred Securities Redemption Special Event Redemption; or

in the case of a redemption on or after July 25, 2011, in the case of the yen-denominated preferred securities, or July 25, 2016, in the case of the dollar-denominated preferred securities and the euro-denominated preferred securities, the amount specified above under Redemption.

The following events are the special events that would trigger a finance subsidiary's option to redeem the preferred securities as described above:

MUFG determines that the preferred securities issued by the relevant finance subsidiary may not be included in the core capital of MUFG;

the treatment of certain items on the tax returns of MUFG will not be respected by a taxing authority, as a result of which MUFG or the relevant finance subsidiary is or will be subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges;

the relevant finance subsidiary or MUFG pays, or on the next dividend payment date would be obligated to pay, any additional amounts, other than as a result of the occurrence of a tax event as described above;

Bank of Tokyo-Mitsubishi UFJ is or will be required to pay any additional amounts in respect of any taxes, duties or other governmental charges with respect to payments of interest on or principal of the senior or junior subordinated loan between it and BTMU Preferred Capital 1 Limited, BTMU Preferred Capital 2

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Limited or BTMU Preferred Capital 3 Limited, as the case may be, in each case other than as a result of the occurrence of a tax event; or

the relevant finance subsidiary receives an opinion to the effect that there is more than an insubstantial risk that it is deemed an investment company within the meaning of the U.S. Investment Company Act of 1940.

The election to redeem the preferred securities by each finance subsidiary is independent of those of the other finance subsidiaries.

**Redemption Restrictions**

In all cases, redemption of the preferred securities will be subject to compliance with applicable regulatory requirements, including the prior approval of the Financial Services Agency of Japan if then required.

**Additional Amounts**

All payments made by each finance subsidiary and MUFG under, or with respect to, the preferred securities and the guarantees will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, as described under Description of the Preferred Securities Payment of Additional Amounts unless the relevant finance subsidiary or MUFG is required to withhold or deduct taxes by law or by the official interpretation or administration of applicable law. If a finance subsidiary or MUFG is required to withhold or deduct any amount for or on account of taxes, the relevant finance subsidiary or MUFG, as the case may be, will, subject to certain customary exceptions, pay additional amounts as may be necessary so that the net amount received by each holder of the relevant preferred securities (including those additional amounts) after the withholding or deduction (including any withholding or deduction from the additional amounts) will not be less than the amount the holder would have received if the relevant taxes had not been required to be withheld or deducted.

		<b>Dollar-denominated Preferred Securities</b>	<b>Euro-denominated Preferred Securities</b>	<b>Yen-denominated Preferred Securities</b>
<b>Security Codes</b>	CUSIP No.:	G63255 AA 4	G63256 AA 2	G63257 AA 0
	ISIN:	USG63255AA42	XS0247684490	XS0247685117
	Common Code:	024769836	24768449	24768511

**Governing Law**

The terms of the preferred securities will be set forth in the memorandum and articles of association of the relevant finance subsidiary, which will be governed by the laws of the Cayman Islands. Each subordinated guarantee agreement will be governed by, and construed in accordance with, the laws of the State of New York.

**Use of Proceeds**

We expect to receive approximately \$2,273 million, 741 million and ¥118,601 million (for an aggregate total of approximately \$4,162 million) in net cash proceeds after commissions and expenses from the issuance and sale of the preferred securities in the offerings. We

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intend to treat the preferred securities as core capital, or Tier I capital, under applicable banking regulations in Japan. Our finance subsidiaries will use the proceeds to acquire:

dollar-denominated preferred shares issued by BTMU Preferred Capital 1 Limited in the case of MUFG Capital Finance 1 Limited,