(Provisional Translation)
Attachment 1
June 11, 2007
Financial Services Agency
Government of Japan

Administrative Action on The Bank of Tokyo-Mitsubishi UFJ, Ltd.

I. Description of Administrative Action

Order based on Article 26 (1) of the Banking Law

1. In order to ensure sound and appropriate overseas business operations, The Bank of Tokyo-Mitsubishi UFJ, Ltd (hereinafter referred to as the "Bank") must develop and enhance its governance, compliance system, etc. with due emphasis on the following points:

(1) An unequivocal statement of commitment by the management with respect to compliance with laws and regulations in overseas business;

(2) Development of awareness of compliance with laws and regulations among officers and employees (including locally-hired staff, hereinafter the same);

(3) Development and enhancement of unified, proactive functions to oversee business operations to comply with laws and regulations on their overseas business bases by the Bank's headquarters (including thorough analysis and evaluation of the situation by the Bank's headquarters in the event of serious problems as well as the communication and sharing of appropriate information with related divisions in a timely manner);

(4) Development of internal rules and manuals at overseas business bases that accurately reflect local regulations as well as thorough compliance with them among officers and employees (including enhancing the system to accurately identify information related to revision/abolition of local regulations and level of operations required by local regulatory authorities in a timely manner);

(5) Deployment of qualified staff with respect to each operations and thorough implementation of effective education and guidance with respect to officers and employees;

(6) Establishment and enhancement of effective internal auditing functions targeted at overseas business;

(7) Enhancement of unified functions to oversee overseas business by Mitsubishi UFJ Financial

Group, Inc. (hereinafter referred to as the “Holding Company”); and

(8) Clarification of the respective responsibilities of officers and employees who have caused problems referred to in “II. Reasons for Administrative Action” below.

2. A plan to improve the business operations pertaining to 1 described above must be submitted by July 11, 2007 and implemented promptly.

3. Subsequent to the implementation of 2 described above, and until the plan to improve the business operations is fully carried out, a summary outlining the progress and implementation of the plan must be prepared every three months, starting at the end of August 2007, and is to be submitted by the 15th day of the following month.

4. Including but not limited to the facts that serve as the reasons for the administrative action, the Bank must verify its governance, compliance system and internal control system in relation to its overseas business in general while collaborating with the Holding Company and make necessary improvements, in order to engage in business operations in a sound and appropriate manner in the future.

The Financial Services Agency will follow up on the implementation and progress of the improvement measures as necessary.

II. Reasons for Administrative Actions

1. According to incident reports submitted by the Bank as well as a report pursuant to paragraph 1, Article 24 of the Banking Law, cases have occurred as described below, including those involving violations of local laws and regulations of foreign countries and many incidents by expatriate staff and locally-hired staff in management positions. This stems from a failure to analyze and assess risks of conducting business operations in compliance with laws and regulations of foreign countries, as well as to review and enhance necessary systems based on the assessment in a unified, timely and precise fashion. Consequently, insufficient management resources were allocated to the review and enhancement of necessary systems, weakening the Bank’s governance, compliance and internal control systems.

(1) Violation of Local Laws and Regulations of Foreign Countries

1) At a number of overseas business bases, local supervisory authorities pointed out the Bank’s violation of local laws and regulations and its inadequate internal control system.

These business bases had a poor understanding of the local laws and regulations and were insufficient in confirming them with local supervisory authorities in advance, in addition to their inadequate development of internal procedures and manuals aimed at ensuring compliance with local laws and regulations. The compliance system was also weak at the Bank's headquarters, as exemplified by its failure to identify the development of relevant rules and manuals at each business base and to give necessary guidance in consideration of the revision of the local laws and regulations and the trend towards enhanced surveillance among the authorities.

2) In particular, in the U.S., the New York branch of the Bank and its trust subsidiary received a business improvement order in December 2006, as serious defects were pointed out by the U.S. supervisory authorities in their systems to prevent money laundering, including ineffective monitoring aimed at investigating and determining suspicious transactions and ineffective oversight by the management with respect to compliance with laws and regulations.

The Holding Company and the Bank gave priority to the task of preparing for the merger and failed to take sufficient action even though an other bank subsidiary of the Bank in the U.S. had received a business improvement order on the grounds of its inadequate money-laundering prevention system in 2004, in addition to the trends towards tighter regulations as exemplified by the establishment and publication of money-laundering inspection manuals by the U.S. supervisory authorities in June 2005.

Although suggestions had been made internally by the Bank's audit department to give priority to improving the procedures to prevent money laundering, the Bank failed to take sufficient action.

(2) Incidents by expatriate staff, locally-hired staff in management positions and other locally-hired employees

Internal procedures were not observed and internal checking did not function at the business bases as described below.

1) At a number of overseas branches of the Bank, expatriate staff and locally-hired staff in management positions executed transactions prohibited by internal rules and credit transactions in violation of internal procedures. In the application for the approval of such transactions, contents of falsified transactions were written in the application form, and forged documents were used. Furthermore, the division in charge of approving transactions gave approval without sufficiently confirming the contents of the transactions.

2) At the Shanghai branch of the Bank, a locally-hired staff member in a management position abused his vocational authority (to select equipment suppliers) and received bribes in October 2005, and was arrested by the local law enforcement agency in June 2006. Sufficient measures to prevent such misconduct as bribery, etc. were not taken, including monitoring by other divisions associated with the selection of suppliers.

3) Other than the above, many incidents have occurred at a number of overseas business bases, including the embezzlement and unauthorized withdrawal of bank funds by locally-hired employees, due to weak internal control systems as exemplified by the inadequate development of internal rules and the failure to employees' compliance with rules.

2. In order to prevent such cases from recurring, it is necessary to develop a compliance system for overseas business including the Bank's headquarters, overseas business bases and the Holding Company. In particular, it is necessary to prepare internal rules and manuals that accurately reflect local regulations at all overseas business bases, and ensure that officers and employees comply with them.

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