Mitsubishi UFJ NICOS Co., Ltd.
Form CB
June 11, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM CB

BUSINESS COMBINATION NOTIFICATION FORM

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

Securities Act Rule 801 (Rights Offering)	¨
Securities Act Rule 802 (Exchange Offer)	x
Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer)	¨
Exchange Act Rule 14e-2(d) (Subject Company Response)	¨
Filed or submitted in paper if permitted by Regulation S-T Rule 101(b)(8)	¨

Note: Regulation S-T Rule 101(b)(8) only permits the filing or submission of a Form CB in paper by a party that is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

Mitsubishi UFJ NICOS Kabushiki Kaisha

(Name of Subject Company)

Mitsubishi UFJ NICOS Co., Ltd.

(Translation of Subject Company s Name into English (if applicable))

Japan

(Jurisdiction of Subject Company s Incorporation or Organization)

Mitsubishi UFJ Financial Group, Inc.

(Name of Person(s) Furnishing Form)

Common Stock and Class 1 Stock

(Title of Class of Subject Securities)

Not applicable

(CUSIP Number of Class of Securities (if applicable))

Hidechiyo Tani / 4-14-1 Sotokanda, Chiyoda-ku, Tokyo 101-8960, Japan / +81-3-5296-1116

(Name, Address (including zip code) and Telephone Number (including area code)

of Person(s) Authorized to Receive Notices and Communications on Behalf of Subject Company)

June 11, 2008

(Date Tender Offer/Rights Offering Commenced)

PART I

INFORMATION SENT TO SECURITY HOLDERS

Item 1. Home Jurisdiction Documents

(a) See the Notice of Convocation of General Meeting of Shareholders dated June 11, 2008 attached as Exhibit A.

(b) Not applicable.

Item 2. Informational Legends

See the cover page of the Notice of Convocation of General Meeting of Shareholders dated June 11, 2008.

PART II

INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS

See the press release dated September 20, 2007 attached as Exhibit B.

PART III

CONSENT TO SERVICE OF PROCESS

A written irrevocable consent and power of attorney on Form F-X is being filed by Mitsubishi UFJ Financial Group, Inc. concurrently with this Form CB.

PART IV

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

MITSUBISHI UFJ FINANCIAL GROUP, INC.

Dated: June 11, 2008

By:	/s/ Toshihide Mizuno
Name:	Toshihide Mizuno
Title:	Senior Managing Director

EXHIBIT A

NOTICE TO U.S. SHAREHOLDERS: This exchange offer or business combination is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court s judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in the open market or in privately negotiated purchases.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Translation)

Security Code: 8583

June 11, 2008

To Our Shareholders:

Mitsubishi UFJ NICOS Co., Ltd.
Head Office:
3-33-5 Hongo, Bunkyo-ku, Tokyo
Corporate Headquarters:
4-14-1 Sotokanda, Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF FIRST ANNUAL GENERAL MEETING OF SHAREHOLDERS

We cordially invite you to attend the First Annual General Meeting of Shareholders of Mitsubishi UFJ NICOS Co., Ltd., to be convened as set forth hereunder.

If you are unable to attend the Meeting, you will be able to exercise your voting rights by either of the following methods, and if opting to do so we ask that you please examine the attached Reference Materials for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:20 p.m. on June 26, 2008 (Thursday).

Voting by Mail (Form for Exercising Voting Rights)

Please mark your vote for or against each agenda item on the enclosed Form for Exercising Voting Rights, and the return the Form so that it arrives no later than the aforementioned voting deadline.

Voting by Electronic Means (Internet)

Please use the login ID and temporary password provided on the enclosed Form for Exercising Voting Rights to access the Company s Website for Exercising Voting Rights (http://www.evote.jp/), and follow the on-screen guidance to indicate your vote for or against each agenda item by the aforementioned voting deadline.

Before exercising your voting rights via the Internet, we ask that you refer to the Procedures for Exercising Voting Rights on the Internet contained herein.

Sincerely,

Kazuhiro Omori
President & CEO

(Translation)

Meeting Details:

1. Date and Time: 10:00 a.m. on June 27, 2008 (Friday)
2. Location: Meeting Room on the 17th Floor of the Head Office located at 4-14-1 Sotokanda, Chiyoda-ku, Tokyo
3. Meeting Agenda:

   Items to be reported:

   1. Business report, consolidated financial statements and audit report of the accounting auditors and the Board of Statutory Auditors for the Company s first business term (from April 1, 2007 through March 31, 2008);

   2. Nonconsolidated financial statements for the Company s 1st business term (from April 1, 2007 through March 31, 2008)

   Items to be reported:

Agenda Item 1: Approval of share exchange between the Company and Mitsubishi UFJ Financial Group, Inc.

Agenda Item 2: Appointment of 12 directors

Agenda Item 3: Appointment of 4 statutory auditors

4. Regarding Decisions at the Meeting:

   (1) If you are unable to attend the General Meeting of Shareholders on the designated meeting date, you will be able to exercise your voting rights by mail (Form for Exercising Voting Rights) or by electronic means (Internet). When voting by mail, any failure to indicate a vote for or against an agenda item will be treated as a vote for the corresponding item.

   (2) If voting rights are redundantly exercised both by mail and on the Internet, only the vote submitted on the Internet will be valid.

   (3) If voting rights are exercised more than once on the Internet, only the last vote submitted will be valid.

   (4) If attending by proxy, we ask that you submit a power of attorney together with the Form for Exercising Voting Rights. An eligible proxy shall be one shareholder of the Company holding voting rights.

If you plan to attend the meeting, the enclosed Form for Exercising Voting Rights will serve as your admittance form, and we ask that you submit the Form at the reception table on the day of the meeting.

Please bear in mind that in the event the need arises for corrections to the items set forth in the documents attached to this Convocation Notice and the attached Reference Materials for the General Meeting of Shareholders, the corrections will be published on the Company s homepage (http:// www.cr.mufg.jp/).

(Translation)

(ATTACHED DOCUMENTS)

BUSINESS REPORT

(From April 1, 2007 through March 31, 2008)

I. Current Status of the Corporate Group

1. Business Progress and Results

While Japan s economy in the current consolidated fiscal year continued to post flat corporate revenue growth, consumer spending remained strong and provided overall stability. In addition, with the expansion of credit card payments for medical expenses, public utilities and in other industries which have traditionally been cash payment industries, the Company s core business of credit card shopping has continued to post strong growth. Nevertheless, the business environment surrounding the Company is increasing in intensity due to tougher competition from industry restructuring that applies across business types and forms, as well as rapid changes in the industry from the revised Money Lending Business Law and the Installment Payment Sales Law, which is expected to be revised in the future.

Under these conditions, the Company Group posted business performance as follows in the current consolidated fiscal year.

Consolidated Business Performance

(Unit: millions of yen)

	Consolidated FYE March 2008	Consolidated FYE March 2007	Increase/Decrease (YOY %)
Sales (Operating Revenues)	419,129	367,614	51,514 (114.0)%
Operating Profit (Operating Loss)	(50,997)	18,772	(69,769) ()
Ordinary Profit (Ordinary Loss)	(50,952)	20,313	(71,265) ()
Net Income (Net Loss)	(85,618)	(52,169)	(33,449) ()

Sales (Operating Revenues)

Operating revenues which constitute sales reached 419,129 million yen (up 114.0% year-on-year).

With the addition of card members through the merger with Kyodo Credit Card Co., Ltd., in October 2006 and the addition of card members through the merger with DC Card Co., Ltd., in April 2007, along with the acquisition of 2,960,000 highly active new card members in the current term, the active promotion of the credit card issuing business and the like through tie-ups with leading regional banks, and our efforts to expand our business base, we posted increased revenues in our Overall Credit Cards, Credit Guarantee and Other Business divisions respectively.

Operating Profits/Ordinary Profits

The Company posted an operating loss of 50,997 million yen and an ordinary loss of 50,952 million yen.

Due to an increase in the number of interest refund claims, the effects of exposure to the subsequently implemented total volume control, and other marked changes in the market environment, the Group adjusted its allowances for doubtful accounts and allowances for losses from interest refunds in the current consolidated fiscal year. Specifically, we set aside allowances for doubtful accounts based on an allocation rate adjusted to the future allocation rate, which assumes future risks taking into consideration the trend of increased doubtful account related expenses accompanying the increase in debt adjustments and the like and the effects of future total volume controls. We conservatively forecast that the interest refund expenses would peak from the latter half of the fiscal year ending in March 2008 through the first half of the fiscal year ending in March 2009, and set aside allowances related to the refund of interest. In addition, the increase in doubtful account-related costs and the like accompanying the increase in debt adjustments caused by the dramatically changing market environment also contributed to a large reduction in both operating profits and ordinary profits.

(Translation)

Net Income

The Company recorded a net loss of 85,618 million yen.

In addition to a decline in ordinary profits, the Company incurred a one-time special charge of 64,049 million yen in the current fiscal year for expenses accompanying reorganization.

After the launch of our new company, Mitsubishi UFJ NICOS, in April 2007, the Group targeted rapid business development through the creation of a business model that strengthened the business base through reorganization and utilized the strengths of the new company, and strengthening of the business arising from early realization of synergetic effects and radical reorganization has surpassed expectations. Based on the advancement of this plan and the effects of the changes in the business environment, the current consolidated fiscal year was positioned as a strategic year in terms of growth, and as such we posted reorganization-related expenses in order to eliminate any and all risks that could possibly impede this growth.

Distribution of Retained Earnings

Taking into consideration the net loss in the current term, the business environment surrounding the Company, and the continued efforts to strengthen our business base in order to create a business entity that will produce stable profits, we will not pay dividends on any of our common stock shares or Class 1 shares. We apologize to our shareholders for this decision.

An overview of our operations by division is as follows.

Credit Card Division

In the Credit Card Division, the Company has strived to maximize the characteristics and strengths of our three-brand strategy to acquire and enhance the quality of members who lead to activity and make the Company s cards their main cards, and promote and enhance the use of cards by these members.

With respect to our brand cards, we have strengthened our Internet activities with the expectation of acquiring highly active customers, and have promoted the acquisition of these members through affiliates centering on our VIASO Card for Internet users. In addition, the PREMIO Card developed for the UFJ brand which offers a higher standard of services than ordinary cards is being applied to the NICOS brand, and other efforts are being made to acquire quality members through the enhancement of products and services. In addition, the JA Card which we began issuing in 2007 has promoted the acquisition of members through the development and strengthening of a strong customer base centered on the JA Bank.

With respect to the co-branded cards, we realized tie-ups with Tokyo Electric Power, the Autobacs Group, and other major companies that are leaders in their industries to create new affiliations with 33 companies. We also renewed the ENEOS Card, a co-branded card with the Nippon Oil Corporation, and otherwise expanded our new affiliations and strengthened our alliances with existing affiliates to promote the acquisition of new members.

With respect to corporate cards, the Company has strived to strengthen the acquisition of customers through its corporate cards for major corporations that utilize the corporate customer base of the Mitsubishi UFJ Financial Group and the JA Group and through its corporate cards for small and medium-sized corporations that utilize the Company s affiliated stores and the individual member base.

(Translation)

As a result, our overall credit card business has acquired 2,960,000 million new members in the current term.

With respect to the promotion of card use, in addition to utility payments and mobile phone payments, we have expanded the acceptance and implementation of CATV and newspaper payments and other fee settlements tied to continuous use, implemented a campaign that utilizes the characteristics of tie-ups with major affiliated stores and affiliated cards, expanded the members eligible for Personal Use Statements, and have otherwise increased marketing and promoted the use of our cards as a customer s main card. In addition, the Raku-Pay service which allows customers to freely set their monthly payment amounts has been expanded from the UFJ brand and NICOS brand to now apply to the DC brand, and we have otherwise promoted the convenience of using cards in an effort to increase the number of active members.

With respect to the expansion of affiliated stores, in addition to affiliate contracts with private hospitals and other medical facilities, the Osaka Traffic Bureau, the Fukuoka Traffic Bureau and other traffic bureaus, we have developed card payments for water usage fees from the Tokyo Metropolitan Water Bureau and Yokohama City Water Bureau in an effort to develop cash markets in medical care, traffic and public fees which are closely associated with day-to-day life. In addition, with respect to the ever-expanding EC field, we have strived to expand our affiliated stores through the introduction of the EC Settlement System and the Company s other solutions.

In addition, with respect to the field of non-contact IC cards, we have expanded the issuance of VisaTouch/Smartplus cards, and at the same time have expanded the stores at which these cards can be used by enabling use at all Circle K/Thanks convenience stores, a major convenience store chain. In addition, we have strived to increase member convenience and expand sales by developing terminals which can be used with railway electronic money, developing electronic money wiring operations, and otherwise upgrading the settlement infrastructure and expanding our business.

As a result, sales revenue from this division reached 144,506 million yen (up 154.7% year-on-year).

Shopping Loans Division

In the shopping credit and automobile loan businesses of this division, the Company has developed new markets focusing on profitability and has strengthened the control of risk at the affiliated stores, while also making preparations to transfer the installment credit sales business to JACCS Co., Ltd., in April 2008 and otherwise striving to facilitate a smooth transfer of the affiliated stores, taking into consideration customer convenience.

As a result thereof, the sales revenue from this division reached 12,444 million yen (up 73.9% year-on-year).

Credit Guarantee Division

In the consumer loan guarantee business of this division, the Company renewed card loans with the credit card issuers The Hiroshima Bank, Ltd. and The Hyakugo Bank, Ltd., and otherwise renewed its existing products centered on leading regional banks to ensure the high quality of its loan receivables.

As a result thereof, the sales revenue from this division reached 27,460 million yen (up 108.6% year-on-year).

(Translation)

Loan Division

In the consumer loan business of this division, in response to the Usury Law, in addition to DC Card Cashing which was handled in August 2006, the Company lowered its lending rates for new loans taken out since April 2007 to within the limits of the Usury Law for NICOS Card Cashing and UFJ Card Cashing. With respect to the My Best card loans, we promoted the acquisition of new members and the switchover of existing members to the My Best BIZ, a product with a lending rate within the limits of the Usury Law.

In addition, we have maintained and expanded quality customers by implementing measures for early use by new members and the activation of inactive members.

As a result, the sales revenue from this division reached 199,051 million yen (up 92.4% year-on-year).

Other Business Division

In this division we have sought to expand our FC (franchise) business, TPP (third party processing) business, bill collection servicing business, e-business and other fee-based businesses.

With respect to the FC business, the Company has actively promoted the development of business outsourcing related to the issuance of credit cards by bank units, executed FC agreements with The Bank of Kyoto, Ltd., The Yamaguchi Bank, Ltd., and The Hyakugo Bank, Ltd., and received the outsourcing of processing operations. Together with The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Chiba Bank, Ltd., The Hiroshima Bank, Ltd., Joyo Bank, Ltd., The Shizuoka Bank, Ltd., and North Pacific Bank, Ltd., the Company now provides outsourcing for a total of nine banks, and the Company s FC business, combined with the existing card company FC business, now extends to 50 companies and nine bank franchises. In addition, the Company has developed the provision of packaged issuance and settlement businesses for its VisaTouch, targeting further business expansion.

With respect to the TPP business (outsourced credit card operations), operations are steady in the credit card business outsourced from Keihan Card Co., Ltd., a subsidiary of Keihan Electric Railway Co., Ltd., Odakyu Electric Railway Co., Ltd., IY Card Service Co., Ltd., and West Japan Railway Company. In addition, in January 2008 the Hong Kong and Shanghai Banking Corporation outsourced its credit card business in Japan to the Company through a new business tie-up with that bank.

With respect to the bill collection servicing business, the Company has actively received the outsourcing of public payments at convenience stores, and has received outsourcing from the National Tax Agency as well as 52 regional public entities. In addition, the Company has strengthened its alliance with The Bank of Tokyo-Mitsubishi UFJ, Ltd., and has acquired 1400 new corporate customers for the business of outsourcing account transfers. Through an alliance with Japan Post Insurance Co., Ltd., the Company initiated the outsourcing of account transfer operations for insurance premiums starting in April 2008.

In the field of e-business, the Company continues to record strong growth for the NICOS Payment System, a service not available through other companies, which combines into a single package five types and 22 settlement options for money transfers via the Internet, including credit card payments, deposits at convenience stores and electronic money settlements. A total of 4,400 affiliated companies now offer this service.

As a result, operating revenues from this division reached 33,089 million yen (up 228.8% year-on-year).

(Translation)

2. Business Performance by Business Division

(Unit: millions of yen)

Division	Transaction Volume	Sales (Operating Revenues)
Credit Cards	6,344,748 (6,340,086)	144,506
Shopping Loans	103,174 (98,858)	12,444
Credit Guarantees	98,256 (90,570)	27,460
Loans	1,147,112 (1,147,112)	199,051
Other Business	31,937	35,666
Total	7,725,229	419,129

(Notes) 1. The amounts in the parentheses under transaction volume indicate the principal transaction volume.
2. The sales from Other Business include 2,576 million yen in financing revenues.

3. Status of Equipment and Facility Investments

A total of 20,952 million yen was invested in equipment and facilities in the current consolidated fiscal year.

The majority of this investment went to the costs of creating a new core system, developing a system for the issuance of new cards, developing a system to enhance the convenience of existing cards, and the like.

4. Financing Status

With the Company s merger with DC Card Co., Ltd., on April 1, 2007, interest-bearing debt increased by 202,805 million yen. In addition, on November 6, 2007, the Company implemented a capital increase by third party allocation (number of shares issued: 400,000,000 shares; amount paid: 300 yen per share) subscribed to by Mitsubishi UFJ Financial Group, Inc., in an effort to condense its interest-bearing debt.

As a result, the balance of interest-bearing debt at the end of the consolidated fiscal year increased by 43,215 million yen year-on-year to reach 1,558,241 million yen.

5. Succession of Rights and Obligations Associated with Businesses of Other Companies through Merger by Absorption or Spin-off by Absorption

Effective April 1, 2007, the Company merged with and absorbed DC Card Co., Ltd.

Effective January 1, 2008, the Company merged with and absorbed Aomori NICOS Co., Ltd., Akita NICOS Co., Ltd., Yamagata NICOS Co., Ltd., Gifu NICOS Co., Ltd., Nishi Nippon NICOS Co., Ltd., and Minami Nippon NICOS Co., Ltd., which had been subsidiary companies as of that date.

(Translation)

6. Issues to be Addressed

The Company formulated a Medium-Term Business Plan for the new Mitsubishi UFJ NICOS in December 2006, and the Company seeks a breakthrough by strengthening the business base through reorganization and creating a business model that utilizes the strengths of the new company.

Following the launch of the new company in April 2007, amid ongoing changes in the environment surrounding the industry, the early realization of the synergetic effects stated in the Medium-Term Business Plan and the strengthening of the business through fundamental restructuring has progressed faster than expected.

Based on the development of this Medium-Term Business Plan and the effects of the new changes in the environment, a New Medium-Term Business Plan for the four-year period from April 2007 to March 2011 was formulated and implemented in the current fiscal year to eliminate all risks which may impede future growth and to implement a new business strategy which will serve as our new takeoff point.

<Summary of New Medium-Term Business Plan>

In consideration of the changes in the business environment, and having realized fundamental restructuring, the Company formulated the new business plan with the aim of achieving rapid growth by becoming No. 1 in Customer Support, Market Share, Profitability, and Financial Stability in order to be the No. 1 General Credit Card Business in the truest sense.

(1) Realization of Fundamental Restructuring

Because it has become difficult for the Company to improve profitability of the installment credit business its own, the business will be transferred to JACCS Co., Ltd., and the management resources will be concentrated in the credit card business. In addition, the various NICOS affiliates which had been consolidated subsidiary companies have been suffering and are having difficulty surviving on their own as the result of the revision of the Money Lending Business Law and other dramatic changes in the industry, and increased doubtful account-related expenses arising from increases in debt adjustments, and, as such, they were merged and absorbed to strengthen the business base of the overall group.

In addition to this restructuring, the Company has reorganized to strengthen the cost structure through consolidation of branch offices and operation centers and through the implementation of major staff reductions.

Furthermore, the Company will conservatively expand its account reserves to enable a proactive response to future changes in the credit card market and to ensure that the Company is able to respond to new increases in bad debt-related expenses caused by interest refund expenses and changes in the business environment.

(2) New Business Strategy

The Company will implement a new business strategy to actively improve growth potential by fusing the strengths of Mitsubishi UFJ Financial Group and the JA Group to bring out economies of scale on a group level.

In the credit card business, which is key to increasing operating revenue, as a new card business strategy, the Company will pursue public utilities and medical care facilities which have already posted solid results, as well as other new growth markets and will strengthen its revolving income and the like. In addition, the Company will seek to dramatically expand its customer base by establishing the new MUFG Card brand as a core brand for its next generation card strategy, and by forging deeper ties with the JA Group and positioning the JA Card on the same level as the Company s own cards.

(Translation)

(3) Strengthening the Financial Base

In order to cover the Company s equity losses resulting from costs of restructuring recorded in the current consolidated fiscal year and to ensure the realization of a stable financial basis required for the future growth strategy, the Company implemented a 120 billion yen capital increase subscribed to by Mitsubishi UFJ Financial Group, Inc. A basic agreement has been reached wherein the Company will become a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc., through a share exchange conducted in accordance with a separate Share Exchange Agreement conditioned on the approval of the Company s shareholders, and then delist.

The foregoing strategy will be implemented over the four-year period for the New Medium-Term Business Plan, and seeks the realization of the following goals.

FYE March 2011	Operating revenue	462.3 billion yen
	Ordinary profits	45.9 billion yen
	Net income	45.7 billion yen

The Group has positioned the establishment of an internal control system as the most important management issue, and through the introduction of a comprehensive risk management plan, the Company will organize a system for the overall control of credit risks, market risks, liquidity risks, will otherwise engage in strict control of risks, will safely control individual information and comply with relevant laws and ordinances, and will enhance the management of compliance, including compliance with the Company s internal regulations and accurate financial reporting under the relevant laws and ordinances.

7. Trends in the Status of Assets, Profits and Losses

(Unit: millions of yen)

Item	**78th Term (2004)**	**79th Term (2005)**	**80th Term (2006)**	**1st Term (2007)**
Transaction volume	3,708,343	4,891,424	5,883,137	7,725,229
Operating revenue	277,307	320,876	367,614	419,129
Ordinary profit (Ordinary loss)	33,227	61,292	20,313	(50,952)
Net income (Net loss)	5,719	19,622	(52,169)	(85,618)
Net income per share (Net loss per share)	11.67 yen	31.66 yen	(57.71 yen)	(72.38 yen)
Net assets	129,265	159,604	106,237	179,149
Total assets	3,730,989	4,102,097	3,875,059	4,003,560

(Note) States the trends in the status of assets, profits and losses for the former Nippon Shinpan Co., Ltd., in the 78th Term, the former UFJ NICOS Co., Ltd, in the 79th and 80th Terms, and Mitsubishi UFJ NICOS Co., Ltd., in the 1st Term (current consolidated fiscal year).

(Translation)

8. Status of Major Parent Companies and Subsidiary Companies

(1) Status of Parent Companies

(i) Trade Names of Parent Companies

Trade Name	Affiliation	Percentage of Voting Rights Held	Listings of Parent Company Shares
Mitsubishi UFJ Financial Group, Inc.	Parent Company	75.8%	Tokyo Stock Exchange, 1st Section
		(47.6)%	Osaka Securities Exchange, 1st Section
			Nagoya Stock Exchange, 1st Section
			New York Stock Exchange
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Parent Company	47.3%	
		(0.2)%	

(Note) The percentage of voting rights held by the Parent Company set forth in the parentheses indicate the percentage of indirectly held voting rights included therein.

(ii) Trade Name of the Parent Company Having the Greatest Influence on the Company and the Reason for Influence

Trade Name	Reason
Mitsubishi UFJ Financial Group, Inc.	Mitsubishi UFJ Financial Group, Inc., as a holding company, holds the management rights for The Bank of Tokyo-Mitsubishi UFJ Ltd., which is wholly owned subsidiary thereof.

(iii) Transactions with Parent Companies

In the current consolidated fiscal year, 561 billion yen in financing was procured from The Bank of Tokyo-Mitsubishi UFJ, Ltd. (including 88.8 billion yen in commercial paper).

In addition, on November 6, 2007 the Company implemented a capital increase by third party allocation (number of shares issued: 400,000,000 shares; amount paid: 300 yen per share) subscribed to by Mitsubishi UFJ Financial Group, Inc.

(2) Status of Major Subsidiary Companies

Not applicable.

(Note) As addressed in Section 5 above, on January 1, 2008, the Company merged with and absorbed Aomori NICOS Co., Ltd., Akita NICOS Co., Ltd., Yamagata NICOS Co., Ltd., Gifu NICOS Co., Ltd., Nishi Nippon NICOS Co., Ltd., and Minami Nippon NICOS Co., Ltd., its major subsidiary companies in the preceding fiscal year.

9. Content of Core Businesses

General Credit Card Division	Credit cards
Shopping Loan Division	Shopping credit and auto loans
Credit Guarantee Division	Sponsored auto loans, auto loan guarantees and consumer loan guarantees
Loan Division	Consumer loans and card cashing
Other Business Division	FC (franchise) business, collection services business and the like

(Note) As of April 1, 2008, the Company transferred the installment credit sales business (shopping credit business, auto loan business, and auto leasing business, all of which had been included in the Credit Guarantee Division) to JACCS Co., Ltd. (See Section 13 for details.)

(Translation)

10. Major Business Locations

Company s Head Office and Business Offices (28 Locations)	Tokyo: Head Office, Tokyo Sales Office and 3 other offices Hokkaido/Tohoku: Northern Japan Sales Office and 4 other offices Kanto (excluding Tokyo): Northern Kanto Sales Office and 6 other offices Chubu: Chubu Sales Office and 5 other offices Kinki: Western Japan Sales Office and 3 other offices Nishishikoku: Hiroshima Branch Office and 3 other offices Kyushu: Kyushu Sales Office and 4 other offices

11. Employee Status

Name of Business Segment	Number of Employees	YOY Increase / Decrease
Credit Business	4,352	- 1,201
Other Business	57	+ 22
Total	4,409	- 1,179

(Notes) 1. The number of employees does not include executive officers (37), secondees (316), short-term contract employees (844) or temporary employees.
2. While the number of employees declined by 1,179 persons year-on-year, most of this reduction resulted from the early retirement program implemented with the restructuring in December 2007.

(Reference) Company s Nonconsolidated Employee Status

Number of Employees	Average Age	Average Term of Service	Average Annual Salary
4,367 (557 Reduction)	38.3 years	14.6 years	6,509,000 yen

12. Major Lenders

Lender	Amount of Loan (millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	472,174
Mizuho Corporate Bank, Ltd.	80,941
Mitsubishi UFJ Trust and Banking Corporation	67,650
The Norinchukin Bank	58,984
Nippon Life Insurance Company	45,801
Sumitomo Trust and Banking Co., Ltd.	37,341
Sumitomo Mitsui Banking Corporation	29,388

13. Other Material Matters Related to the Current Status of the Group

The Company entered into a basic agreement with Mitsubishi UFJ Financial Group, Inc., on September 20, 2007 concerning the Company becoming a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. through a share exchange, conditioned on the approval of the shareholders. The Company plans on placing the approval of the Share Exchange Agreement on the agenda for the General Meeting of Shareholders, in accordance with the basic agreement.

Pursuant to a stock purchase and sale agreement associated with the transfer of the installment credit sales business that was executed on October 31, 2007 by resolution of the Board of Directors, on April 1, 2008, the effective date of the spin-off, the Company transferred the assets, liabilities, employment agreements, and other rights and obligations related to the installment credit sales business (shopping credit business, auto loan business, and auto leasing business, all of which belonged to the Credit Guarantee Division) to the newly established subsidiary JNS Management Service Co., Ltd., and sold all shares in such subsidiary to JACCS Co., Ltd.

(Translation)

II. Current Status of the Company

1. Company Stock

(1) Total Number of Shares Available for Issuance:

Common stock:	1,712,712,400 shares
Class 1 stock:	150,000,000 shares

(2) Total Number of Issued and Outstanding Shares:

Common stock:	1,422,924,559 shares
Class 1 stock:	50,000,000 shares

(Notes) 1. The number of common shares increased by 117,525,000 shares with the merger between the Company and DC Card Co., Ltd., on April 1, 2007.
2. The number of common shares increased by 400,000,000 shares with the capital increase by third party allocation to Mitsubishi UFJ Financial Group, Inc., implemented on November 6, 2007.

(3) Total Number of Shareholders:

Common stock:	23,861 shareholders
Class 1 stock:	1 shareholder

(4) Major Shareholders:

(i) Common Stock

Name of Shareholder	Investment in the Company Shares Held (thousands)	Ownership (%)
1. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	669,397	47.1
2. Mitsubishi UFJ Financial Group, Inc.	400,000	28.1
3. UBS AG London-IPB Segregated Client Account	55,860	3.9
4. Acom Co., Ltd.	23,895	1.7
5. Nippon Life Insurance Company	15,112	1.1
6. The Master Trust Bank of Japan, Ltd. (Trust Account)	9,836	0.7
7. The Norinchukin Bank	9,036	0.6
8. Japan Trustee Services Bank, Ltd. (Trust Account)	8,791	0.6

9. Taiyo Life Insurance Company	5,000	0.4
10. Japan Trustee Services Bank, Ltd. (Trust Account 4)	4,030	0.3

(Note) Ownership percentage is calculated excluding the 751,631 shares of treasury stock. The 751,631 shares of treasury stock are listed in the name of the Company on the registry of shareholders, but this includes 2,000 shares which are not actually held thereby.

(ii) Class 1 Stock

	Investment in the Company	
Name of Shareholder	**Shares Held (thousands)**	**Ownership (%)**
The Norinchukin Bank	50,000	100.0

(Note) This class of stock has no voting rights.

2. Company Share Warrants

Not applicable.

(Translation)

3. Company Officers

(1) Directors and Statutory Auditors

Position at Company	Name	In Charge of	Status of Representation at Other Companies
Chairman & Representative Director	Akio Fujiwara	Internal Audit Department	
President & CEO	Kazuhiro Omori		
Deputy President & Representative Director	Akira Katayanagi	Overall Operations Oversight and Business Promotion Headquarters	Statutory Auditor at Hyakugo Bank, Ltd.
Deputy President & Representative Director	Terutaka Ando	Administrative Headquarters and IT Headquarters	President & Director of KK Japan MasterCard Settlement Facility
Deputy President & Director	Takeshi Katayama	JA Strategic Alliance	
Director & Managing Executive Officer	Akira Yamashita	Finance Department and Personnel Department	
Director & Managing Executive Officer	Yoshiki Hama		
Director & Managing Executive Officer	Katashi Matsumoto	Management Planning Department and Accounting Department	
Director & Managing Executive Officer	Yoichi Ojima	Credit Management Headquarters and Assistant Personnel Manager	
Director & Managing Executive Officer	Kazuhiro Muraoka		
Director & Executive Officer	Shun Kakuno	Customer Service Department	
Director & Executive Officer	Haremi Kamiyama	Sales Headquarters and General Manager	
Director & Executive Officer	Naoyuki Abe	Public Relations Department and Assistant Management Planning Manager	
Director	Noboru Matsuda	Chairman of Audit Committee	Attorney
Director	Tadachiyo Osada		
Full-time Statutory Auditor	Akihiro Yuasa		
Full-time Statutory Auditor	Ryoichi Isoda		
Full-time Statutory Auditor	Shoji Watanabe		
Statutory Auditor	Kimisuke Fujimoto		
Statutory Auditor	Takashi Yagi		

(Notes) 1. Noboru Matsuda and Tadachiyo Osada are both outside directors as prescribed in Article 2, Paragraph 15 of the Company Law of Japan.

2. Shoji Watanabe, Kimisuke Fujimoto and Takashi Yagi are each outside statutory auditors as prescribed in Article 2, Paragraph 16 of the Company Law of Japan.
3. Full-time Statutory Auditor Akihiro Yuasa served as the Accounting General Manager and Executive Director in Charge of Accounting at DC Card Co., Ltd., which merged with the Company on April 1, 2007, and possesses considerable knowledge concerning finance and accounting matters.
4. Directors Yoshiki Hama and Kazuhiro Muraoka both resigned their posts voluntarily on March 31, 2008.

(Translation)

(2) Amount of Director and Statutory Auditor Remuneration

Classification	Number	Total Payment Amount
Directors	15	292 million yen
(Outside Directors)	(2)	(12 million yen)
Statutory Auditors	5	60 million yen
(Outside Statutory Auditors)	(4)	(43 million yen)

(Notes) 1. There are no directors who are also employees.
2. The maximum monthly limit for director remuneration is set at 40 million yen (3 million yen per month for outside directors) by resolution of the General Meeting of Shareholders (resolution of an Extraordinary General Meeting of Shareholders convened on March 22, 2007).
3. The maximum monthly limit for statutory auditor remuneration is set at 7 million yen by resolution of the General Meeting of Shareholders (resolution at the Ordinary General Meeting of Shareholders for the 62^{nd} fiscal year convened on June 29, 1989).
4. In addition to the foregoing, officer retirement benefits were set as follows by resolution at the Ordinary General Meeting of Shareholders for the 80^{th} fiscal year convened on June 28, 2007:

Retiring Statutory Auditors: 2 (14 million yen)

(3) Status of Outside Directors

(i) Status of Concurrent Appointments for Outside Directors

Name	Concurrent Appointment and Details Thereof
Noboru Matsuda	Outside Statutory Auditor at Hakuhodo Inc. Outside Statutory Auditor at The Yomiuri Shimbun, Western Headquarters Outside Director at Japan Radio Co., Ltd. Outside Director at Japan Post Bank Co., Ltd. Outside Statutory Auditor at The Yomiuri Shimbun, Osaka Headquarters
Tadachiyo Osada	Executive Officer, Retail Consolidation Business Headquarters, and Retail Planning Department Manager at Mitsubishi UFJ Financial Group, Inc. Executive Officer and Retail Planning Department Manager at The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Director at Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd. Outside Director at MU Frontier Servicer Co., Ltd. Outside Director at Mobile Net Bank Establishment Investigation Corporation
Takashi Yagi	Full-time Director at Tokio Marine & Nichido Fire Insurance Co., Ltd.

Outside Director at Tokio Marine & Nichido Financial Life Insurance Co., Ltd.

Outside Director at Mitsubishi UFJ Lease & Finance Co., Ltd.

Outside Director at Mitsubishi UFJ Capital Co., Ltd.

Outside Director at Zaikeishinyohosyo Co., Ltd.

(Note) Mitsubishi UFJ Financial Group, Inc. and The Bank of Tokyo-Mitsubishi UFJ Ltd. are parent companies of the Company. No other material transactions or other relationships exist between the Company and the other companies.

(Translation)

(ii) Principal Activities of Outside Directors

Name	Position	Principal Activities
Noboru Matsuda	Outside Director	Mr. Matsuda attended 23 of the 29 meetings of the Board of Directors convened in the current fiscal year (including all 12 of the regular meetings of the Board of Directors). At the meetings, Mr. Matsuda utilized his wealth of experience to provide his opinions and assistance and otherwise proactively participate in overall management. He was appointed Chairman of the Audit Committee, which seeks to improve compliance, and during the year he convened the Audit Committee 13 times for deliberations.
Tadachiyo Osada	Outside Director	Mr. Osada attended 16 of the 21 meetings of the Board of Directors convened after his appointment (including 6 of the 9 regular meetings of the Board of Directors). At the meetings, Mr. Osada utilized his wealth of experience to provide his valuable opinions and effective suggestions concerning the management of the Company, and otherwise actively participated therein.
Akihiro Yuasa	Outside Statutory Auditor	Mr. Yuasa attended 27 of the 29 meetings of the Board of Directors convened in the current fiscal year (including all 12 of the regular meetings of the Board of Directors), and attended all 20 of the meetings of the Board of Auditors. Mr. Yuasa possesses a considerable amount of knowledge of financial and accounting matters, and at the meetings of the Board of Directors and the meetings of the Board of Auditors he utilized his wide range of experience and high degree of knowledge related to accounting, auditing and business from his own company to appropriately participate as needed.
Shoji Watanabe	Outside Statutory Auditor	Mr. Watanabe attended 27 of the 29 meetings of the Board of Directors convened in the current fiscal year (including all 12 of the regular meetings of the Board of Directors), and attended all 20 of the meetings of the Board of Auditors. At the meetings of the Board of Directors and the meetings of the Board of Auditors he utilized his rich experience and high degree of knowledge concerning planning, auditing and business from his own company to appropriately participate as needed.
Kimisuke Fujimoto	Outside Statutory Auditor	Mr. Fujimoto attended 23 of the 29 meetings of the Board of Directors convened in the current fiscal year (including all 12 of the regular meetings of the Board of Directors), and attended 17 of the 20 meetings of the Board of Auditors (including all 12 of the regular meetings of the Board of Auditors). At the meetings of the Board of Directors and the meetings of the Board of Auditors he utilized his wide range of experience and high degree of knowledge from his own company to appropriately participate as needed.
Takashi Yagi	Outside Statutory Auditor	Mr. Fujimoto attended 15 of the 29 meetings of the Board of Directors convened in the current fiscal year (including 8 of the 12 regular meetings of the Board of Directors), and attended 15 of the 20 meetings of the Board of Auditors (including 10 of the 12 regular meetings of the Board of Auditors). At the meetings of the Board of Directors and the meetings of the Board of Auditors he utilized the knowledge and experience from his own company to appropriately participate as needed and give an objective viewpoint that differed from that of the credit industry.

(Translation)

(iii) Content of Limited Liability Agreements Executed with Outside Officers

<Summary of Content of Limited Liability Agreements>

The Company modified its Articles of Incorporation at the Ordinary General Meeting of Shareholders for the 79th fiscal year convened on June 29, 2006, and established provisions therein related to limited liability agreements for outside directors and outside statutory auditors.

The content of the limited liability agreements executed by the Company with all outside directors and all outside statutory auditors under the Articles of Incorporation is summarized as follows.

<Limited Liability Agreement for Outside Directors>

With respect to liability under Article 423, Paragraph 1 of the Company Law of Japan, once the Agreement has been executed, if the outside directors have executed their duties in good faith and have not been grossly negligent, such outside directors will be liable for damages to the minimum amount prescribed in Article 425, Paragraph 1 of the Company Law of Japan.

<Limited Liability Agreement for Outside Statutory Auditors>

With respect to liability under Article 423, Paragraph 1 of the Company Law of Japan, if the outside statutory auditors have executed their duties in good faith and have not been grossly negligent, such outside statutory auditors will be liable for damages to the minimum amount prescribed in Article 425, Paragraph 1 of the Company Law of Japan.

4. Status of Accounting Auditor

(1) Name of accounting auditor: Deloitte Touche Tohmatsu

(2) Amount of remuneration and the like for the accounting auditor in the current fiscal year:

	Amount Paid
Remuneration	116 million yen
Total cash and other property interests payable by the Company and its subsidiary companies	267 million yen

(Notes) 1. Under the auditing agreement by and between the Company and the accounting auditor, no differentiation is made between remuneration for audits under the Company Law of Japan and audits under the Financial Instruments and Exchange Law, and in practice such differentiation is impossible, so the amount set forth in (i) is the total thereof.

2. Since our parent company, Mitsubishi UFJ Financial Group, Inc., is listed on the New York Stock Exchange, the limited audit remuneration related to consolidated financial statements complying with U.S. GAAP is included in the amount of (ii).

(3) Details of Non-Audit Operations

The Company has delegated support and assistance work for the internal control structure related to financial reports , which is not covered under Article 2, Paragraph 1 of the Certified Public Accountant Law (non-audit work), to the accounting auditor.

(4) Policy for Decisions to Dismiss or Not Reappoint the Accounting Auditor

The Company, in addition to the dismissal of the accounting auditor by the Board of Satutory Auditors as prescribed in Article 340 of the Company Law of Japan, in principle, with the consent or at the request of the Board of Statutory Auditors, shall present an agenda item for the dismissal or non-reappointment of the accounting auditor at a general meeting of shareholders in the event it is found that it will be difficult for the accounting auditor to appropriately carry out its duties.

(Translation)

III. Systems for Ensuring Proper Business by the Company
The Company has made the following decisions on basic policies related to the creation of a system prescribed by Order of the Minister of Justice as the system in order to ensure that the execution of duties by directors complies with laws, ordinances and the Articles of Incorporation, and as required otherwise in order to ensure proper business by joint stock companies under the Company Law of Japan.

Under the system created pursuant to this basic policy, the Company will strive to ensure the legal compliance and efficiency of its business and control of risks, conduct reviews in response to changes in socioeconomic conditions and the environment, and promote the improvement and enhancement of the internal control system.

1. System of Compliance with Laws and Ordinances
System for ensuring that the duties carried out by directors and employees comply with laws, ordinances and the Articles of Incorporation:

(1) Enact a group management philosophy, code of ethics and code of behavior to ensure that directors comply with laws, ordinances and the Articles of Incorporation in the execution of their duties.

(2) Create a system to ensure compliance with laws and ordinances by directors through the establishment and publication of rules and compliance manuals.

(3) Establish a Compliance Expertise Committee comprised of outside members to contribute to the deliberations of the Board of Directors.

(4) Establish a Compliance Committee to contribute to the deliberations of the Management Committee.

(5) Establish a director and a supervisory division to take charge of compliance.

(6) Formulate a compliance program (a basic plan to train directors and otherwise ensure that directors comply with laws and ordinances), and follow up on the progress and status thereof.

(7) Establish a compliance hotline (an internal reporting system to receive reports concerning improper acts from a wide range of employees from both inside and outside the company).

(Translation)

2. System for the Retention and Management of Information

System for the retention and management of information related to the execution of duties by directors:

(1) Minutes and reference materials for meetings of the Board of Directors and Board of Statutory Auditors and other important information are recorded, retained and managed in document or electronic media form under the provisions of rules.

(2) When requested by directors and statutory auditors, the division in charge shall provide for inspection or create and provide copies of the requested materials.

3. Risk Management Systems

Rules and other systems concerning the management of the risk of loss:

(1) Comprehensively understand the various risks arising from the execution of business as much as possible on a uniform scale, and ensure safe management while maximizing shareholder value and controlling and managing overall risk.

(2) Classify risks as credit risks, market risks, administrative risks and the like, prescribe risk management policies for each type of risk, and otherwise enact rules for the control and management of risk.

(3) Establish a control system for managing overall group risks. Establish a committee for the control and management of risks, or establish directors and supervisory divisions in charge of risk management.

(4) Adequately manage risks through a risk management process consisting of risk identification, assessment, control and monitoring.

4. System for Ensuring the Efficient Execution of Directors Duties

System for ensuring that directors efficiently carry out their duties:

(1) Prescribe management goals, enact a group management plan, and engage in management and administration based on appropriate procedures.

(2) Establish a Management Committee and have the Board of Directors delegate decisions on certain matters to this Committee. The Committee will make decisions concerning the delegated matters, and will investigate matters to be presented to the Board of Directors in advance in order to contribute to the decision making process of the directors. In addition, establish a variety of committees as bodies to consult with the Management Committee.

(3) Establish office organizations and structures based on rules, and appropriately distribute authority in order to facilitate the efficient execution of duties based on the decisions of the Board of Directors.

(Translation)

5. Group Management Systems

System for ensuring proper business by the corporate group consisting of the Company and its parent and subsidiary companies:

(1) Establish a group management philosophy, code of ethics and code of behavior to ensure the proper conduct of business as a group.

(2) Prescribe basic policies for the management and administration of the group, enact other rules for the management and administration of the group, and execute agreements related to the auditing of the business with affiliated credit sales subsidiary companies and the like.

(3) Provide the parent companies with reports in accordance with the division of duties and in accordance with the various rules for the management and administration of the group, receive reports and the like from group companies, and engage in the management and administration of the group.

(4) Enact rules and procedures related to internal control, disclosure control and financial reports.

(5) The Company will accept audits and receive reports from the division in charge of internal audits at the parent company, regularly exchange information with the parent company, and consider issues from the viewpoint of ensuring proper business;

(6) If the Company receives a demand from the parent company that is illegal or is unjust and impedes the sound and appropriate management of business at the Company, the Board of Directors shall resolve to refuse this demand.

6. Internal Audit Systems

System for verifying and evaluating the appropriateness and effectiveness of the system for ensuring proper business:

(1) Establish a highly specialized and independent internal audit system to oversee the function of verifying and evaluating the appropriateness and effectiveness of risk management, internal control and the governance process, to ensure the soundness and appropriateness of the Company and the group in whole.

(2) Enact rules to prescribe the fundamental matters regarding the internal audits of the Company and the group.

(3) Establish an Audit Committee as an optional committee under the Board of Directors which deliberates on matters related to the internal audits and legal compliance of the Company and the group, or establish an internal audit department to be the department in charge of internal audits.

(4) The departments in charge of the internal audits at the Company and the various group companies will assist in the Board of Directors overall group supervisory function under the supervision of and in coordination with the division in charge of internal audits at the Company.

(5) The division in charge of internal audits will build a relationship of cooperation with the statutory auditors and accounting auditor as needed, and will strive to effectively implement internal audits.

7. Systems Concerning Employees Assisting in Duties of Statutory Auditors

Items related to employees who are assigned to assist in the duties of statutory auditors:

(1) Establish a secretariat for the Board of Statutory Auditors as the organization for assisting in the duties of the statutory auditors, and place it under the direction of the Board of Statutory Auditors.

(Translation)

8. Independence of Employees Assisting in Duties of Statutory Auditors

Items related to the independence of the employees mentioned in the preceding section:

(1) Personnel matters and other matters related to the independence of employees assisting in the duties of statutory auditors shall be consulted in advance with the Board of Statutory Auditors.

9. Systems for Reporting to Statutory Auditors

System for reports by directors and employees to statutory auditors and systems otherwise related to reports to statutory auditors:

(1) The following items are to be reported to statutory auditors:

(i) Items decided at or reported to the Board of Directors, the management committee and other key committees;

(ii) Items which may cause substantial damages to the Company;

(iii) The status and results of implemented internal audits;

(iv) Material violations of laws and ordinances;

(v) Status of reports to the compliance hotline and the details of the reports made thereto;

(vi) The grounds for and effects of any changes to be made by the Company to accounting policies, accounting methods, or the notation methods for financial statements; and

(vii) Other matters on which statutory auditors request reports.

10. Systems for Otherwise Ensuring Effectiveness of Audits by Statutory Auditors

System for otherwise ensuring that audits are effectively carried out by statutory auditors:

(1) The representative directors and the division in charge of internal audits will regularly exchange opinions with the statutory auditors.

(2) The statutory auditors shall be entitled to attend and state their opinions at meetings of the Board of Directors, as well as meetings of the Management Committee and other key committees and the like.

(3) Directors shall cooperate with requests for investigations or hearings made by statutory auditors.

(4) Directors shall otherwise comply with matters prescribed in the rules of the Board of Statutory Auditors and the auditing standards for statutory auditors.

(5) Statutory auditors shall be entitled to access the data systems and files deemed necessary thereby.

(Translation)

11. Basic Policy and Status of Efforts to Exclude Antisocial Forces

(1) The basic policy of the group is to persist with fortitude and strive to avoid transactions with antisocial forces which threaten the order and safety of society in general.

(2) Confrontations with antisocial forces are expressly addressed in the code of ethics and code of behavior, and rules have been enacted concerning the details thereof.

(3) Under the guidance of the director in charge of compliance, the Compliance Supervision Division is slated as the division for supervising responses to antisocial forces.

(4) The director in charge of compliance shall be the person responsible for preventing unjust demands.

(5) Regular visits and contacts shall be made to the police, police and attorneys shall be contacted in times of emergency, and alliances shall be otherwise strengthened with outside specialized organizations for responses to antisocial forces.

(6) The Compliance Supervision Division collects and primarily manages the information in the group related to antisocial forces.

(7) The specific methods for responding to antisocial forces are set forth in the compliance manual.

(8) The group has positioned responses to antisocial forces as a key compliance matter, and implements compliance training.

IV. Policy for Decisions Regarding Distributions of Retained Earnings

The Company recognizes that returning profits to our shareholders is the most important issue in management, and our basic policy is to provide a stable distribution of profits backed by solid business performance. Internal reserves play a key role in fortifying shareholder equity and strengthening the constitution of the Company s business.

(Note) All monetary amounts and numbers of shares stated in this Business Report have been rounded down to the nearest whole stated unit. In addition, percentages and ratios are rounded to the nearest whole stated unit.

(Translation)

CONSOLIDATED BALANCE SHEET

(as of March 31, 2008)

(Unit: millions of yen)

Item	Amount
(Assets)	
Current assets	**3,830,379**
Cash on hand and in banks	93,249
Installment accounts receivable	2,053,853
Guarantee contracts	1,755,613
Deferred tax assets	30,479
Other assets	131,529
Allowance for doubtful accounts	(234,345)
Fixed assets	**173,181**
Tangible assets	**47,819**
Buildings and structures	13,161
Machinery and equipment	3,146
Land	15,492
Other	16,019
Intangible assets	**71,326**
Investments and other assets	**54,035**
Investment securities	21,123
Deferred tax assets	17,823
Other	15,374
Allowance for doubtful accounts	(286)
TOTAL ASSETS	**4,003,560**
(Liabilities)	
Current liabilities	**3,046,015**
Notes	1,267
Accounts payable	228,179
Guarantees	1,755,613
Short-term borrowing	353,052
Current portion of redemption of bonds	5,000
Current portion of long-term debt	213,892
Commercial paper	252,685
Accrued corporation tax, etc.	933
Unearned income	24,240
Accrued bonuses	3,958
Reserve for cardholder point system	7,463
Allowance for restructuring losses	22,865
Other	176,862
Fixed liabilities	**778,395**
Bonds	40,000
Long-term debt	693,611
Liability for retirement benefits	4,332
Retirement allowance for officers	312

Allowance for losses from refunding of interest	36,074
Allowance for losses from collection of gift cards	2,623
Other	1,439
Total Liabilities	**3,824,411**
(Net Assets)	
Shareholders equity	**176,338**
Paid in capital	**109,312**
Capital surplus	**133,506**
Retained earnings	**(66,259)**
Treasury stock	**(221)**
Valuation and exchange adjustments	**2,811**
Valuation difference on securities	**3,454**
Deferred gains and losses on hedges	**(639)**
Exchange conversion adjustment	**(4)**
Total Net Assets	**179,149**
TOTAL LIABILITIES AND NET ASSETS	**4,003,560**

(Note) All stated amounts are rounded down to the nearest one million yen.

(Translation)

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2007 through March 31, 2008)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Credit card contracts		144,506
Shopping loan contracts		12,444
Guarantee contracts		27,460
Loan contracts		199,051
Other revenue		33,089
Finance revenue		
Interest income	2,111	
Dividends received	453	
Other	12	2,576
Total		419,129
Operating expenses		
Sales & general administrative expenses		
Payment fees	64,467	
Transfer to allowance for doubtful accounts	152,154	
Transfer to allowance for losses from reimbursed interest	28,391	
Personnel costs	53,046	
Retirement benefit costs	872	
Other	148,261	447,194
Finance expenses		
Interest payments	22,467	
Other	465	22,932
Total		470,127
Operating loss		**50,997**
Non-operating income		
Insurance dividends	389	
Equity in earnings of affiliates	204	
Miscellaneous revenue	33	627
Non-operating expenses		
Share exchange expenses	541	
Miscellaneous losses	41	582
Ordinary loss		**50,952**
Extraordinary gains		
Gain on redemption of investment securities	26,506	
Gain from sale of investment securities	12,329	
Compensation for damage received	1,211	

Gain on expiry of subsidiary qualified pension plans	237	40,284
Extraordinary losses		
Loss from sale of fixed assets	52	
Loss from disposition of fixed assets	393	
Loss on impairment	6,607	
Transfer to allowance for losses from structural reform	64,049	
Transfer to allowance for losses from redemption of gift cards	2,333	
Loss on sale of investment securities	1,318	
Valuation losses on investment securities	270	
Merger-related expenses	1,107	
Premium severance payments	662	76,796
Income (loss) before taxes, etc.		**87,464**
Corporation and other taxes	184	
Tax refunds	(1,586)	
Adjusted for corporation tax, etc.	1,367	(34)
Minority interest in net loss		1,811
Net Loss		**85,618**

(Note) All stated amounts are rounded down to the nearest one million yen.

(Translation)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2007 through March 31, 2008)

(Unit: millions of yen)

	Shareholders Equity				
	Paid in Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders Equity
Balance as of March 31, 2007	101,712	7,487	(11,854)	(210)	97,134
Change in current consolidated fiscal year					
Issuance of new stock	60,000	60,000			120,000
Increase in capital reserves with reduction in paid in capital	(60,000)	60,000			
Net loss			(85,618)		(85,618)
Acquisition of treasury stock				(10)	(10)
Increase due to merger	7,600	6,019	30,534		44,153
Increase accompanying change in scope of consolidation			679		679
Net change in current consolidated fiscal year in items other than shareholders equity					
Total changes in current consolidated fiscal year	7,600	126,019	(54,404)	(10)	79,204
Balance as of March 31, 2008	109,312	133,506	(66,259)	(221)	176,338

	Valuation and Conversion Adjustments					
	Valuation Differences on Securities	Deferred Gains or Losses on Hedges	Equity Adjustment from Foreign Currency Conversions	Total	Minority Interest	Total Net Assets
Balance as of March 31, 2007	5,336	(139)	58	5,255	3,847	106,237
Change in current consolidated fiscal year						
Issuance of new stock						120,000
Increase in capital reserves with reduction in paid in capital						
Net loss						(85,618)
Acquisition of treasury stock						(10)
Increase due to merger	8,527	(2)		8,525		52,679
Increase accompanying change in scope of consolidation						679
Net change in current consolidated fiscal year in items other than shareholders equity	(10,409)	(497)	(62)	(10,969)	(3,847)	(14,816)
Total changes in current consolidated fiscal year	(1,882)	(499)	(62)	(2,444)	(3,847)	72,912
Balance as of March 31, 2008	3454	(639)	(4)	2,811		179,149

(Note) All stated amounts are rounded down to the nearest one million yen.

(Translation)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

Notes on Material Matters Serving as the Basis for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiary companies: Six companies
Names of major subsidiary companies:

Card Business Service Co., Ltd.

Human Link Corporation

DC Business Support Co., Ltd.

Increases and reductions in current consolidated fiscal year:

Increases: Three companies

Subsidiary companies of DC Card Co., Ltd., added by merger on April 1, 2007:

DC Business Support Co., Ltd.

DC Card Trading Co., Ltd.

By establishment of company:

JNS Management Service Co., Ltd.

Decreases: Seven companies

By merger:

Aomori NICOS Co., Ltd.

Akita NICOS Co., Ltd.

Yamagata NICOS Co., Ltd.

Gifu NICOS Co., Ltd.

Nishi Nippon NICOS Co., Ltd.

Minami Nippon NICOS Co., Ltd.

By corporate liquidation:

DC Card Trading Co., Ltd.

(2) The Company has no non-consolidated subsidiary companies.

2. Application of equity method

(1) Number of companies subject to application of equity method:
Three companies

Name of major company: MU Frontier Servicer Co., Ltd.

(2) The Company has no affiliate companies to which the equity method does not apply.

(Translation)

3. Fiscal years, etc., of consolidated subsidiary companies

Three of the consolidated subsidiary companies have settlement dates which differ from the consolidated settlement date. Two of the companies have a settlement date of December 31 and one has a settlement date of June 30.

In the creation of the consolidated financial statements, the financial statements as of the settlement date were adopted with respect to the companies with the December 31 settlement date, and the financial statements for a provisional settlement conducted on December 31 were adopted with respect to the company with the June 30 settlement date. Adjustments were made as needed with respect to material transactions arising in the period up to the consolidated settlement date.

4. Accounting standards

(1) Valuation standards and methods for major assets

(a) Securities

Bonds held to maturity: Stated by amortized cost method (straight line basis)

Other securities:

Securities with market values: Stated by market value method based on the market price as of the consolidated settlement date (appraisal differences are handled by the full capitalization method, and sales costs are calculated using the moving average method).

Securities without market values: Stated by cost accounting method, cost being determined by the moving average method.

(b) Derivatives

Stated by market value method.

(2) Major depreciable assets and depreciation methods

(a) Tangible fixed assets: Straight line method

Changes in accounting treatment:

With the revisions of the Corporation Tax Law (Law for Partial Amendment of the Income Tax Law, Etc. (Law No. 6 of March 30, 2007) and Cabinet Order for Partial Amendment of the Corporation Tax Law Enforcement Order (Cabinet Order No. 83 of March 30, 2007)), the tangible fixed assets acquired on and after April 1, 2007 have been changed over to the method under the amended Corporation Tax Law. The effects of this change are minimal.

Additional information:

Tangible fixed assets acquired prior to March 31, 2007 are depreciated equally over a period of five years from the consolidated fiscal year following the consolidated fiscal year in which the amortization is completed up to the depreciable amount. The effects of this change are minimal.

(b) Intangible fixed assets

Software: Stated by straight line method based on the usable in-house life thereof.

(Translation)

(3) Accounting method for deferred assets

The costs of the share exchange will be charged in full upon the expenditure thereof.

(4) Standards for recording major reserves

(a) Allowance for doubtful accounts

To prepare for losses from doubtful receivables for installment sales receivable, guaranteed installment sales receivable and other receivables, an estimated uncollectible amount is stated using the doubtful receivables rate for general receivables, and by taking into consideration the ability to collect on doubtful receivables and other specific receivables.

(b) Allowance for bonuses

In order to prepare for the payment of employee bonuses, the allowance is stated as the amount of bonuses expected to be paid in the current consolidated fiscal year.

(c) Point system allowance

In order to prepare for the burden of expenses arising from the use of points granted to card members under a point system established for the purpose of promoting card use, the allowance states the amount of future use expected as of the end of the current consolidated fiscal year.

(d) Allowance for losses from structural reforms

The allowance is stated as the estimated expenses and losses expected to arise in the future with the restructuring of the business.

(e) Allowance for employee retirement benefits

In order to prepare for employee retirement benefits, the allowance is stated based on the expected amount of retirement benefit obligations as of the end of the corresponding consolidated fiscal year.

With respect to obligations for past work, the amounts apportioned on a straight line basis for a set number of years (usually six years) within the average remaining work period for employees as of the time of occurrence in the respective accounting years are treated as expenses. With respect to actuarial gains or losses, the amounts apportioned on a straight line basis for a set number of years (usually 12 years) within the average remaining work period for employees as of the time of occurrence in the respective accounting years are treated as expenses in the accounting years following the respective occurrences.

In addition, in preparation for the expenditure of retirement bonuses for executive officers, the allowance is stated as the end of term payment demands calculated under the officer retirement bonus rules.

(f) Allowance for officer retirement bonuses

In preparation for the expenditure of officer retirement bonuses, the allowance is stated as the end of term payment demands calculated under the officer retirement bonus rules.

(Translation)

(g) Allowance for interest refund losses

In order to prepare for future demands for the refund of interest, the allowance is stated as the amount required based on the actual past refund rate.

(h) Allowance for the redemption of gift cards

Gift cards are stated as revenues after the passage of a certain time period from the issuance thereof, and the allowance is stated as the amount required for future redemption-related expenditures based on the actual redemption rate.

Additional Information:

Since the monetary importance of these gift cards increased due to the merger with DC Card Co., Ltd., based on the announcement of the Handling of Audits Related to Reserves under the Special Tax Measures Law and Allowances, Reserves and Allowances for Office Retirement Bonuses under the Special Tax Measures Law (Report No. 42 of the Auditing and Assurance Practice Committee of the Japanese Institute of Certified Public Accountants dated April 13, 2007), the allowance states the estimated amount of losses which may occur in the future.

This caused operating losses and ordinary losses to increase by 289 million yen, and caused net losses before taxes and net losses to increase by 2,623 million yen.

(5) Standards for converting major foreign currency assets and liabilities into Japanese yen

Foreign currency cash credits and obligations are converted into yen at the spot rate on the consolidated settlement date, and conversion variances are stated as gains or losses. Assets and liabilities as well as revenues and expenses at overseas subsidiary companies and the like are converted into yen at the spot rate on the consolidated settlement date, and conversion variances are included in the exchange and conversion adjustment account in the net assets section.

(6) Accounting method for major lease transactions

Finance leases other than those which allow title in the leased property to transfer to the lessee are accounted for in accordance with the standards related to ordinary lease transactions.

(7) Major hedge accounting methods

(a) Hedge accounting method: Deferred hedge accounting. Transactions satisfying the requirements for exceptional handling are handled as exceptions.

(b) Hedge means and hedge subject matter: Interest swap options for hedges targeting loans and exchange reservation transactions for hedges targeting foreign currency-based receivables.

(c) Hedge policies: Derivative transactions are used for the purpose of avoiding the risk of interest fluctuations related to the procurement of financing and the risk of exchange fluctuations associated with foreign-currency based assets and liabilities.

(d) Method for evaluating effectiveness of hedge: Evaluated by analysis of the ratio between hedge means and cash flow subject to hedge.

(Translation)

(8) Standards for stating revenues

(a) Customer commissions: Stated on the date of arrival by the following methods depending on business division:
Credit cards: Stated primarily by the interest method.

Shopping loans: Stated primarily by the time of payment method, with 7 or 8 payments.

Credit guarantees: Stated primarily by the interest method.

Loans: Stated by the interest method.

Revenues from liquidated receivables included in the operating revenues are recorded according to the above standard.

While the stating of revenues in the shopping loan division has primarily been conducted in 7 or 8 installments, the percentage of such revenues stated by the interest method increased due to the merger with DC Card Co., Ltd., and as such they are now primarily stated by interest method. The change had no effect on amounts.

(b) Member store commissions: Stated as a lump sum upon the recognition of credits and obligations.
Change in accounting treatment:

In the past, amounts were stated as lump sums upon the performance of the advance payment agreements with the member stores, but with the merger with DC Card Co., Ltd., the standards were standardized and changed to a lump sum statement of commissions upon the recognition of credits and obligations. The effect of this change was minimal.

(9) Accounting treatment for consumption taxes
Consumption taxes and local consumption taxes are accounted for on a tax excluded basis. The consumption taxes and the like excluded from deductions related to fixed assets are stated as expenses in the consolidated fiscal year in which they are incurred.

5. Valuation of assets and liabilities at consolidated subsidiary companies
Assets and liabilities at consolidated subsidiary companies are all valued using the mark to market method.

6. Amortization of goodwill and negative goodwill
Goodwill and negative goodwill are amortized using the straight line method over the life of the effect thereof, up to 20 years. Monetarily insignificant amounts of goodwill are stated as a lump sum in the year they are incurred.

7. Other material matters serving as the basis for the preparation of consolidated financial statements
The Company s consolidated financial statements have been prepared based on the Standardization of Accounting Standards in the Credit Industry (Notice No. 60-291 issued by the Industrial Policy Bureau of the Ministry of International Trade and Industry).

(Translation)

8. Changes to material matters serving as the basis for the preparation of consolidated financial statements
Changes in grouping method for assets in accounting standards related to increases and decreases in fixed assets:

With the merger with DC Card Co., Ltd., the grouping of assets was changed from a grouping that included all assets related to the credit business as credit business assets to a grouping divided by management and accounting based on the respective units which continuously managed and controlled the revenues and expenditures. This change accompanied the selection of the business system in the merger and the implementation of the structural reform.

This change decreased operating losses and ordinary losses by 1,085 million yen and increased net losses before taxes and net losses by 4,174 million yen.

Notes on Consolidated Balance Sheet

1. Total depreciation on tangible fixed assets: 38,645 million yen

2. Installment sales receivable and deferred installment revenues by business division:

(Unit: millions of yen)

Business Division	Installment Sales Receivable	Deferred Installment Revenues
Credit cards	642,795	2,236
Shopping loans	222,495	9,810
Loan guarantees		12,192
Loans	1,188,562	
Total	2,053,853	24,240

3. Amount of estimated losses from interest refund claims appropriated from installment sales receivable included in the allowance for doubtful accounts: 43,524 million yen

4. Balance of liquidated receivables: loan receivables 47,440 million yen

Notes on Consolidated Statement of Operations

1. Revenues from liquidated receivables included in operation revenues:

Credit card revenues	1,995 million yen
Shopping loan revenues	68 million yen
Loan revenues	37,915 million yen

(Note) The revenue recognition standards are addressed in the Notes on Material Matters Serving as the Basis for the Preparation of Consolidated Financial Statements.

2. Loss on impairment
As a result of the reassessment of the profitability of the various asset groups, and with no hope of recovering the investment amount, a loss on impairment of 5,260 million yen was recorded on a portion of the assets for business received by outsourcing among the respective business assets.

In addition, for a portion of welfare benefit facilities and the like which were rendered idle assets through the suspension of use, a loss on impairment of 1,346 million yen was recorded due to a large drop in land values.

(Translation)

Of the foregoing total loss on impairment, 1,063 million yen is for buildings and structures, 7 million yen is for machinery and equipment, 399 million yen is for land, 4,795 million yen is for intangible assets, and 340 million yen is for lease assets.

The grouping units were divided by management and accounting based on the respective units which continuously managed and controlled the revenues and expenditures.

The calculation of recoverable amount was determined based on the use value of the assets for the business received by outsourcing, and calculated by discounting the future cash flow by 5.04%. In addition, idle assets were determined by their net sales price, and the calculation method of the market price deducted the expected costs of disposition from the net sales price using real estate appraisal standards and the like.

3. Transfer on allowance for losses from structural reform

The expenses incurred with the implementation of the restructuring of business under the New Medium-Term Business Plan announced on September 20, 2007 and the expenses and losses expected to be incurred in the future in connection therewith, primarily consist of the expenses associated with the early retirement benefits system, the transfer of the installment credit sales business, the consolidation of business locations, and the reorganization of NICOS affiliates and the like.

A breakdown of the major expenses is as follows:

Premium retirement benefits	33,276 million yen
Loss on impairment	613 million yen
Structure reform related expenses	30,159 million yen

Loss on Impairment:

A loss on impairment of 613 million yen was recorded on a portion of the assets succeeded from the subsidiary NICOS affiliates which became idle assets due to a major decline in land values.

Of the foregoing total, 137 million yen was for buildings and structures, 2 million yen was for machinery and equipment, and 473 million yen was for land. The calculation of recoverable amount was determined by the net sales price, and the calculation method of the market price deducted the expected costs of disposition from the net sales price using real estate appraisal standards and the like.

4. Merger-related expenses

These were primarily expenses that accompanied the transfers and the revision of ledgers.

5. Contract volume by division

(Unit: millions of yen)

Business Division	**Contract Volume**	**(Included Principal Volume)**
Credit cards	6,344,748	(6,340,086)
Shopping loans	103,174	(98,858)
Loan guarantees	98,256	(90,570)
Loans	1,147,112	(1,147,112)
Other	31,937	

Total	7,725,229

(Note) The credit guarantee balance at the end of the consolidated fiscal year for the loan guarantee division related to revolving credit and the like was 448,758 million yen. The scope of the contract volume was reviewed upon the merger with DC Card Co., Ltd., and the drawdown volume associated with the revolving credit and the like in the credit guarantee division was excluded from contract volume in the current consolidated fiscal year.

(Translation)

Notes Concerning Consolidated Statement of Changes to Net Assets

1. Classifications and total numbers of issued and outstanding shares as of the end of the current consolidated fiscal year

(1)	Common stock	1,422,924,559 shares
(2)	Class stock (Class 1 stock)	50,000,000 shares

2. Dividends

(1) Amount of dividends paid

Not applicable.

(2) The portion of the dividends associated with record dates falling in the current consolidated fiscal year which have an effective date in the following consolidated fiscal year

Not applicable.

Notes Related to Per Share Information

1.	Net assets per share	90.81 yen
2.	Net losses per share	72.38 yen

3. Though potential shares exist, net income per share adjusted for potential shares was not stated because there was a net loss per share.

Notes Concerning Material Subsequent Events

Succession of business by spin-off to subsidiary company established by the company for succession of the installment credit business to JACCS Co., Ltd., and transfer of shares of the corresponding subsidiary company:

1. Name of company succeeding to business through spin-off and name of company taking transfer of shares, details of the spun-off business, main reasons for succession of business and transfer of shares, spin-off date, and summary of business succession and transfer of shares including the legal form thereof

(1) Name of company succeeding to business through spin-off and name of company taking transfer of shares

(i) Name of company succeeding to business

JNS Management Service Co., Ltd.

(ii) Name of company taking transfer of shares

JACCS Co., Ltd.

(Translation)

(2) Detains of spun-off business
Installment sales credit business

(3) Main reasons for succession of business and transfer of shares
The Company seeks to focus its managerial resources in the credit card business, and make a bold move to a profitable structure centered on the credit card business through the succession of these operations.

(4) Spin-off date and share transfer date
Spin-off date: April 1, 2008

Share transfer date: April 1, 2008

(5) Summary of business succession and transfer of shares including the legal form
The assets and liabilities associated with the Company s installment credit sales business and the rights and obligations incidental thereto, will be succeeded to by JNS Management Service Co., Ltd., a subsidiary company established by the Company in order to succeed to the installment credit sales business. Through a spin-off type absorption, all of the shares of such corresponding subsidiary company will be transferred to JACCS Co., Ltd.

2. Summary of implemented accounting treatment

(1) Accounting treatment for transfer of shares
A loss of 12,020 million yen from the transfer of subsidiary company shares will use an equal amount of the allowance for losses from structural reform stated in the current consolidated fiscal year.

3. Name of the business sector included in the succeeded business in the business by segment section of the consolidated financial statements
Credit business

4. Estimated gains or losses associated with the succeeded business as stated in the consolidated statement of operations for the current consolidated fiscal year

Operating revenue (shopping loans, credit guarantees)	20,946 million yen

Since the Company manages operating profits and losses as a single unit in the credit business, no operating profits or losses are stated for separate businesses.

<u>Other Notes</u>

Related to retirement benefits:

1. Summary of adopted retirement benefits system

The Company has established a corporate pension fund as its defined benefits system. Due to the large volume of retirement benefits generated with the implementation of the early retirement benefits system accompanying the Company s restructuring of operations implemented in the current consolidated fiscal year, a portion of the retirement benefits system was accounted for as though it were ended through the application of Accounting Treatment of Transfer, Etc., of Retirement Benefits Systems (Accounting Standards Board of Japan Implementation Guidance No. 1).

Domestic subsidiary companies had qualified retirement pension systems and lump sum retirement systems, but with the merger thereof on January 1, 2008, the qualified retirement pension systems and lump sum retirement systems were abolished. A gain upon ending was recorded with respect to the abolishment of the qualified retirement pension system.

(Translation)

2. Matters related to retirement benefits obligations (as of March 31, 2008)

(Unit: millions of yen)

(1)	Retirement benefit obligations (Note 1)	(30,170)
(2)	Pension assets	23,758
(3)	Unfunded retirement benefit obligations (1) + (2)	(6,412)
(4)	Unrecognized actuarial gain / loss	5,255
(5)	Unrecognized past service obligations	(3,176)
(6)	Net amount on consolidated balance sheet (3) + (4) + (5)	(4,332)
(7)	Allowance for retirement benefits (Note 1)	(4,332)

(Note 1) 246 million yen for benefits to executive officers and the like are included in retirement benefit obligations and the allowance for retirement benefits.

3. Retirement benefit costs (from April 1, 2007 through March 31, 2008)

(Unit: millions of yen)

(1)	Service costs (Notes 1, 2)	2,241
(2)	Interest costs	886
(3)	Expected return on plan assets	(1,412)
(4)	Recognition of actuarial gain/loss	641
(5)	Past service obligation costs accounted for	(1,483)
(6)	Costs of retirement benefits (1) + (2) + (3) + (4) + (5)	872
(7)	Gain from ending of subsidiary qualified retirement pension plan (Note 3)	(237)
(8)	Costs of retirement benefits accompanying mass retirement (Note 4)	662
(9)	Total (6) + (7) + (8)	1,298

(Notes)
1. The costs of retirement benefits at consolidated subsidiary companies employing the simplified method were stated in (1) Service costs.
2. 147 million yen for retirement benefits for executive officers and the like was stated in (1) Service costs.
3. The gain from the ending of the subsidiary qualified retirement pension plan was stated as extraordinary income.
4. The costs of retirement benefits accompanying mass retirement were stated as extraordinary losses.

4. Basis for the calculation of retirement benefits obligations, etc.

(1) Allocation method for expected retirement benefits: Term straight line basis

(2) Discount rate: 2.10%

(3) Expected rate of return on plan assets: Usually 3.50%

(4) Recognition period for actuarial gain/loss: Usually 12 years
(The group recognizes costs from the consolidated fiscal year incurred in an amount apportioned by the straight line method, based on a set number of years within the average remaining term of service for employees at the time of incurrence in each consolidated fiscal year.)

(5) Amortization period for prior service costs: Usually 6 years
(The group recognizes costs in an amount apportioned by the straight line method based on a set number of years within the average remaining term of service for employees at the time of incurrence.)

(Translation)

Related to business combinations, etc. (transactions, etc. under common control):

1. Name of combining businesses, content of business, legal form of combined business, name of business after combination and summary of transaction including the purpose thereof

(1) Name of combining businesses and business content thereof

(i) Surviving combining business
Name: UFJ NICOS Co., Ltd.

(ii) Expiring combining business
Name: DC Card Co., Ltd.

Content of business: Credit card business

(2) Legal form of business combination
Merger and absorption with UFJ NICOS Co., Ltd., being the surviving company and DC Card Co., Ltd., becoming the expiring company.

(3) Name of business after combination
Mitsubishi UFJ NICOS Co., Ltd.

(4) Summary of transaction including the purpose thereof
The Company, which was a core card company of the MUFG Group, merged with DC Card Co., Ltd., which was likewise a core company of the MUFG Group in order to realize further improvements in its corporate valuation. Through this merger, we became a credit card company that is able to offer the most advanced solutions while also providing a business base and profitability that is second to none in the industry.

2. Summary of implemented accounting treatment
Accounting treatment was governed by the provisions of Accounting Standards for Business Combinations, Chapter III (Accounting Standards for Business Combinations), Article 4 (Accounting Treatment for Transactions, Etc., Under Common Control), Paragraph (1) (Transactions Under Common Control).

3. Business combination date, amount of assets received, amount of liabilities succeeded to and a breakdown thereof

(1) Amount of assets

Current assets (installment sales receivable, etc.)	534,151 million yen
Fixed assets (investment securities, etc.)	38,098 million yen

(2) Amount of liabilities

Current liabilities (accounts payable, etc.)	433,094 million yen
Fixed liabilities (long term debt, etc.)	86,476 million yen

(Note) The amounts stated in the consolidated financial statements are rounded down to the nearest million yen.

(Translation)

NON-CONSOLIDATED BALANCE SHEET

(as of March 31, 2008)

(Unit: millions of yen)

Item	Amount
(Assets)	
Current assets	**3,828,779**
Cash on hand and in banks	91,868
Installment accounts receivable	2,053,853
Guarantee contracts	1,755,501
Securities	30
Prepaid expenses	2,123
Deferred tax assets	30,461
Accounts payable, other	85,818
Other	43,517
Allowance for doubtful accounts	(234,395)
Fixed assets	**172,355**
Tangible assets	**47,798**
Buildings	13,025
Structures	123
Machinery and equipment	3,137
Land	15,492
Other	16,019
Intangible assets	**71,307**
Goodwill	1,096
Land leaseholds	1,746
Trademark rights	10
Software	67,354
Other	1,099
Investments and other assets	**53,249**
Investment securities	18,711
Affiliate company stock	1,650
Capital contributions	136
Prepaid long term expenses	5,499
Deferred tax assets	17,823
Other	9,715
Allowance for doubtful accounts	(286)
TOTAL ASSETS	**4,001,135**
(Liabilities)	
Current liabilities	**3,045,725**
Notes	1,267
Accounts payable	228,179
Guarantees	1,755,501
Short-term borrowing	353,052
Current portion of redemption of bonds	5,000
Current portion of long-term debt	213,892
Commercial paper	252,685
Accrued payments	65,232
Accrued expenses	1,308

Accrued corporation tax, etc.	876
Deposits received	108,370
Unearned income	24,240
Accrued bonuses	3,922
Reserve for cardholder point system	7,463
Allowance for restructuring losses	22,865
Other	1,865
Fixed liabilities	**778,410**
Bonds	40,000
Long-term debt	470,661
Long-term debt at affiliate cos.	222,950
Liability for retirement benefits	4,332
Retirement allowance for officers	312
Allowance for losses from refunding of interest	36,074
Allowance for losses from redemption of gift cards	2,623
Other	1,455
Total liabilities	**3,824,136**
(Net Assets)	
Shareholders equity	**174,183**
Paid in capital	**109,312**
Capital surplus	**133,209**
Capital reserves	7,106
Other capital reserves	126,103
Retained earnings	**(68,116)**
Legal reserve	1,224
Other retained earnings reserves	(69,341)
Special reserve	26,550
Earned surplus	(95,891)
Treasury stock	**(221)**
Valuation and exchange adjustments	**2,815**
Valuation difference on other securities	**3,454**
Deferred gains and losses on hedges	**(639)**
Total net assets	**176,999**
TOTAL LIABILITIES AND NET ASSETS	**4,001,135**

(Note) All stated amounts are rounded down to the nearest one million yen.

(Translation)

NON-CONSOLIDATED STATEMENT OF OPERATIONS

(April 1, 2007 through March 31, 2008)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Credit card contracts		142,110
Shopping loan contracts		10,952
Guarantee contracts		24,050
Loan contracts		187,949
Other		36,157
Finance revenue		
Interest income	2,626	
Dividends received	469	
Other	12	3,108
Total		404,328
Operating expenses		
Sales & general administrative expenses		
Payment fees	64,018	
Transfer to allowance for doubtful accounts	137,052	
Transfer to allowance for losses from reimbursed interest	25,184	
Personnel costs	50,102	
Retirement benefit costs	732	
Rents	15,881	
Delegated processing work	35,784	
Depreciation costs	17,332	
Other	77,981	424,070
Finance expenses		
Interest payments	22,078	
Other	465	22,544
Total		446,614
Operating loss		**42,285**
Non-operating income		
Insurance dividends	385	
Miscellaneous revenue	28	413
Non-operating expenses		
Share exchange expenses	541	
Miscellaneous losses	31	573
Ordinary loss		**42,445**
Extraordinary gains		
Gain on redemption of investment securities	26,506	

Gain from sale of investment securities	12,329	
Gain from sale of related company shares	399	
Gain from liquidation of affiliate company	133	
Compensation for damage received	1,211	
Gain on retirement of incorporating stock	324	40,903
Extraordinary losses		
Loss from sale of fixed assets	52	
Loss from disposition of fixed assets	375	
Loss on impairment	6,607	
Transfer on allowance for losses from structural reform	60,040	
Transfer on allowance for losses from redemption of gift cards	2,333	
Loss on sale of investment securities	1,318	
Valuation losses on investment securities	267	
Valuation loss on affiliate stock	5,816	
Merger-related expenses	1,107	
Premium severance payments	662	78,582
Income (loss) before taxes, etc.		**80,123**
Corporation and other taxes	134	
Adjusted for corporation tax, etc.	511	645
Net Loss		**80,769**

(Note) All stated amounts are rounded down to the nearest one million yen.

(Translation)

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2007 through March 31, 2008)

(Unit: millions of yen)

	Shareholders Equity							
		Capital Surplus			Retained Earnings			
						Other Retained Earnings		
	Paid in Capital	Capital Reserve	Other Capital Reserves	Total Capital Reserves	Legal Reserves	Special Reserves	Earned Surplus	Total Retained Earnings
Balance as of March 31, 2007	101,712	1,086	6,103	7,190	916		(18,797)	(17,881)
Change in current fiscal year								
Issuance of new stocks	60,000	60,000		60,000				
Increase in capital reserves with reduction in paid in capital	(60,000)	(60,000)	120,000	60,000				
Net loss							(80,769)	(80,769)
Acquisition of treasury stock								
Increase due to merger	7,600	6,019		6,019	308	26,550	3,675	30,534
Net change in current fiscal year								
Total changes in current fiscal year	7,600	6,019	120,000	126,019	308	26,550	(77,093)	(50,235)
Balance as of March 31, 2008	109,312	7,106	126,103	133,209	1,224	26,550	(95,891)	(68,116)

(Unit: millions of yen)

	Shareholders Equity		Valuation & Conversion Gains/ Losses, Etc.			
	Treasury Stock	Total Shareholders Equity	Valuation Gains/ Losses on Other Securities	Gains/ Losses on Deferred Hedge	Total Valuation and Conversion Gains/ Losses	Total Net Assets
Balance as of March 31, 2007	(210)	90,810	5,213	(139)	5,073	95,884
Change in current fiscal year						
Issuance of new stocks		120,000				120,000
Increase in capital reserves with reduction in paid in capital						
Net loss		(80,769)				(80,769)
Acquisition of treasury stock	(10)	(10)				(10)
Increase due to merger		44,153	8,527	(2)	8,525	52,679
Net change in current fiscal year			(10,286)	(497)	(10,783)	(10,783)
Total changes in current fiscal year	(10)	83,373	(1,758)	(499)	(2,258)	81,115
Balance as of March 31, 2008	(221)	174,183	3,454	(639)	2,815	176,999

(Note) All stated amounts are rounded down to the nearest one million yen.

(Translation)

NOTES ON NON-CONSOLIDATED FINANCIAL STATEMENTS

Notes on Matters Related to Material Accounting Policies

1. Valuation standards and methods for assets

(1) Securities

Bonds held to maturity: Stated by amortized cost method (straight line basis)

Shares of subsidiaries and related companies: Stated by cost accounting method, cost being determined by the moving average method.

Other securities:

Securities with market values: Stated by market value method based on the market price as of the settlement date (appraisal differences are handled by the full capitalization method, and sales costs are calculated using the moving average method).

Securities without market values: Stated by cost accounting method, cost being determined by the moving average method.

(2) Derivatives

Stated by market value method.

2. Depreciation methods for fixed assets

(1) Tangible fixed assets: Stated by straight line method

Changes in accounting treatment:

With the revisions of the Corporation Tax Law (Law for Partial Amendment of the Income Tax Law, Etc. (Law No. 6 of March 30, 2007) and Cabinet Order for Partial Amendment of the Corporation Tax Law Enforcement Order (Cabinet Order No. 83 of March 30, 2007)), the tangible fixed assets acquired on and after April 1, 2007 have been changed over to the method under the amended Corporation Tax Law. The effects of this change are minimal.

Additional information:

Tangible fixed assets acquired prior to March 31, 2007 are depreciated equally over a period of five years from the consolidated fiscal year following the fiscal year in which the amortization is completed up to the depreciable amount. The effects of this change are minimal.

(2) Intangible fixed assets

Software: Stated by straight line method based on the usable in-house life thereof.

3. Accounting method for deferred assets

The costs of the share exchange will be charged in full upon the expenditure thereof.

4. Standards for converting major foreign currency assets and liabilities into Japanese yen

Foreign currency cash credits and obligations are converted into yen at the spot rate on the settlement date, and conversion variances are stated as gains or losses.

(Translation)

5. Standards for recording major reserves

(1) Allowance for doubtful accounts

To prepare for losses from doubtful receivables for installment sales receivable, guaranteed installment sales receivable and other receivables, an estimated uncollectible amount is stated using the doubtful receivables rate for general receivables, and by taking into consideration the ability to collect on doubtful receivables and other specific receivables.

(2) Allowance for bonuses

In order to prepare for the payment of employee bonuses, the allowance is stated as the amount of bonuses expected to be paid in the current fiscal year.

(3) Point system allowance

In order to prepare for the burden of expenses arising from the use of points granted to card members under a point system established for the purpose of promoting card use, the allowance states the amount of future use expected as of the end of the current fiscal year.

(4) Allowance for losses from structural reforms

The allowance is stated as the estimated expenses and losses expected to arise in the future with the restructuring of the business.

(5) Allowance for employee retirement benefits

In order to prepare for employee retirement benefits, the allowance is stated based on the expected amount of retirement benefit obligations as of the end of the corresponding fiscal year.

With respect to obligations for past work, the amounts apportioned on a straight line basis for a set number of years (usually six years) within the average remaining work period for employees as of the time of occurrence in the respective accounting years are treated as expenses. With respect to actuarial gains or losses, the amounts apportioned on a straight line basis for a set number of years (usually 12 years) within the average remaining work period for employees as of the time of occurrence in the respective accounting years are treated as expenses in the accounting years following the respective occurrences.

In addition, in preparation for the expenditure of retirement bonuses for executive officers, the allowance is stated as the end of term payment demands calculated under the officer retirement bonus rules.

(6) Allowance for officer retirement bonuses

In preparation for the expenditure of officer retirement bonuses, the allowance is stated as the end of term payment demands calculated under the officer retirement bonus rules.

(7) Allowance for interest refund losses

In order to prepare for future demands for the refund of interest, the allowance is stated as the amount required based on the actual past refund rate.

(Translation)

(8) Allowance for the redemption of gift cards
Gift cards are stated as revenues after the passage of a certain time period from the issuance thereof, and the allowance is stated as the amount required for future redemption-related expenditures based on the actual redemption rate.

Additional Information:

Since the monetary importance of these gift cards increased due to the merger with DC Card Co., Ltd., based on the announcement of the Handling of Audits Related to Reserves under the Special Tax Measures Law and Allowances, Reserves and Allowances for Office Retirement Bonuses under the Special Tax Measures Law (Report No. 42 of the Auditing and Assurance Practice Committee of the Japanese Institute of Certified Public Accountants dated April 13, 2007), the allowance states the estimated amount of losses which may occur in the future.

This caused operating losses and ordinary losses to increase by 289 million yen, and caused net losses before taxes and net losses to increase by 2,623 million yen.

6. Standards for stating revenues

(1) Customer commissions: Stated on the date of arrival by the following various methods depending on business division:
Credit cards: Stated primarily by the interest method.

Shopping loans: Stated primarily by the time of payment method, with 7 or 8 payments.

Credit guarantees: Stated primarily by the interest method.

Loans: Stated by the interest method.

Revenues from liquidated receivables included in the operating revenues are recorded according to the above standard.

While the stating of revenues in the shopping loan division has primarily been conducted in 7 or 8 installments, the percentage of such revenues stated by the interest method increased due to the merger with DC Card Co., Ltd., and as such they are now primarily stated by the interest method. The change had no effect on amounts.

(2) Member store commissions: Stated as a lump sum upon the recognition of credits and obligations.
Change in accounting treatment:

In the past, amounts were stated as lump sums upon the performance of the advance payment agreements with the member stores, but with the merger with DC Card Co., Ltd., the standards were standardized and changed to a lump sum statement of commissions upon the recognition of credits and obligations. The effect of this change was minimal.

7. Accounting method for major lease transactions
Finance leases other than those which allow title in the leased property to transfer to the lessee are accounted for in accordance with the standards related to ordinary lease transactions.

8. Major hedge accounting methods

(1) Hedge accounting method: Deferred hedge accounting. Transactions satisfying the requirements for exceptional handling are handled as exceptions.

(2) Hedge means and hedge subject matter: Interest swap options for hedges targeting loans and exchange reservation transactions for hedges targeting foreign currency-based receivables.

(3) Hedge policies: Derivative transactions are used for the purpose of avoiding the risk of interest fluctuations related to the procurement of financing and the risk of exchange fluctuations associated with foreign currency-based assets and liabilities.

(4) Method for evaluating effectiveness of hedge: Evaluated by analysis of the ratio between hedge means and cash flow subject to hedge.

(Translation)

9. Accounting treatment for consumption taxes, etc.

Consumption taxes and local consumption taxes are accounted for on a tax excluded basis. The consumption taxes and the like excluded from deductions related to fixed assets are stated as expenses in the fiscal year in which they are incurred.

10. Matters related to amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized using the straight line method over the life of the effect thereof, up to 20 years. Monetarily insignificant amounts of goodwill are stated as a lump sum in the year they are incurred.

11. Other material matters serving as the basis for the preparation of consolidated financial statements

The Company s consolidated financial statements have been prepared based on the Standardization of Accounting Standards in the Credit Industry (Notice No. 60-291 issued by the Industrial Policy Bureau of the Ministry of International Trade and Industry).

12. Changes to material accounting standards

Changes in grouping method of assets in accounting standards related to increases and decreases in fixed assets:

With the merger with DC Card Co., Ltd., the grouping of assets was changed from a grouping that included all assets related to the credit business as credit business assets to a grouping divided by management and accounting based on the respective units which continuously managed and controlled the revenues and expenditures. This change accompanied the selection of the business system in the merger and the implementation of the structural reform.

This change decreased operating losses and ordinary losses by 1,085 million yen and increased net losses before taxes and net losses by 4,174 million yen.

13. Change in statement methods

(1) Up until the preceding fiscal year Accounts payable, other were included in Other under current assets (with a balance of 32,217 million yen as of the end of the preceding fiscal year), but since the quantitative importance of these increased in the merger with DC Card Co., Ltd., they are stated separately in the current fiscal year.

(2) Short term loans to affiliate companies , which were stated separately up through the preceding fiscal year (with a balance of 51 million yen as of the end of the preceding fiscal year) lost their quantitative importance, and as such they are included in Other current assets in the current fiscal year.

(Translation)

Notes on Non-Consolidated Balance Sheet

1. Total depreciation on tangible fixed assets 38,618 million yen

2. Loan receivables and loan obligations with affiliate companies (excluding those stated separately)

Short term loan receivables	53,931 million yen
Long term loan receivables	169 million yen
Short term loan obligations	341,171 million yen
Long term loan obligations	15 million yen

3. Installment sales receivable and deferred installment revenues by business division

(Unit: millions of yen)

Business Division	Installment sales Receivable	Deferred Installment Revenues
Credit cards	642,795	2,236
Shopping loans	222,495	9,810
Loan guarantees		12,192
Loans	1,188,562	
Total	2,053,853	24,240

4. Amount of estimated losses from interest refund claims appropriated from installment sales receivable included in the allowance for doubtful accounts: 43,524 million yen

5. Balance of liquidated receivables: loan receivables 47,440 million yen

Notes on Non-Consolidated Statement of Operations

1. Contract volume with affiliate companies (excluding those stated separately)

Operating contract volume

Operating revenues	12,536 million yen
Operating expenses	19,273 million yen

Non-operation contract volume

Share transfer balance	10,855 million yen

2. Revenues from liquidated receivables included in operation revenues:

Credit card revenues	1,995 million yen
Shopping loan revenues	68 million yen
Loan revenues	36,507 million yen

(Note) The revenue recognition standards are addressed in the Notes on Matters Related to Material Accounting Policies.

3. Loss on impairment

As a result of the reassessment of the profitability of the various asset groups, and with no hope of recovering the investment amount, a loss on impairment of 5,260 million yen was recorded on a portion of the assets for business received by outsourcing among the respective business assets.

In addition, for a portion of welfare benefit facilities and the like which were rendered idle assets through the suspension of the use thereof, a loss on impairment of 1,346 million yen was recorded due to a large drop in land values.

(Translation)

Of the foregoing total loss on impairment, 1,039 million yen is for buildings, 23 million yen is for structures, 7 million yen is for machinery and equipment, 399 million yen is for land, 4,795 million yen is for intangible assets, and 340 million yen is for lease assets.

The grouping units were divided by management and accounting based on the respective units which continuously managed and controlled the revenues and expenditures.

The calculation of recoverable amount was determined based on the use value of the assets for the business received by outsourcing, and calculated by discounting the future cash flow by 5.04%. In addition, idle assets were determined by their net sales price, and the calculation method of the market price deducted the expected costs of disposition from the net sales price using real estate appraisal standards and the like.

4. Transfer on allowance for losses from structural reform

The expenses incurred with the implementation of the restructuring of business under the New Medium-Term Business Plan announced on September 20, 2007 and the expenses and losses expected to be incurred in the future in connection therewith, primarily consist of the expenses associated with the early retirement benefits system, the transfer of the installment credit sales business, the consolidation of business locations, and the reorganization of NICOS affiliates and the like.

A breakdown of the major expenses is as follows:

Premium retirement benefits	29,631 million yen
Loss on impairment	613 million yen
Structure reform related expenses	29,795 million yen

Loss on Impairment:

A loss on impairment of 613 million yen was recorded on a portion of the assets succeeded from the subsidiary NICOS affiliates which became idle assets due to a major decline in land values.

Of the foregoing total, 135 million yen was for buildings, 2 million yen was for structures, 2 million yen was for machinery and equipment, and 473 million yen was for land. The calculation of recoverable amount was determined by the net sales price, and the calculation method of the market price deducted the expected costs of disposition from the net sales price using real estate appraisal standards and the like.

5. Merger-related expenses

These were primarily expenses that accompanied the transfers and the revision of ledgers.

6. Contract Volume by Division

(Unit: millions of yen)

Business Division	Contract Volume	(Included Principal Volume)
Credit cards	6,218,635	(6,214,303)
Shopping loans	91,276	(87,700)

Loan guarantees	82,631	(76,099)
Loans	1,100,690	(1,100,690)
Other	30,153	
Total	7,523,387	

(Note) The credit guarantee balance at the end of the consolidated fiscal year for the loan guarantee division related to revolving credit and the like was 448,758 million yen. The scope of the contract volume was reviewed upon the merger with DC Card Co., Ltd., and the drawdown volume associated with the revolving credit and the like in the credit guarantee division was excluded from contract volume in the current fiscal year.

(Translation)

Notes Concerning Non-Consolidated Statement of Changes to Net Assets

1. Classifications and total numbers of issued and outstanding shares as of the end of the current fiscal year

Common stock	749,631 shares

Notes Related to Tax Effect Accounting

Breakdown of deferred tax assets and major causes for incurrence of deferred tax liability

Deferred tax assets:	
Provision and write off for doubtful accounts	118,507 million yen
Provision for interest refund losses	14,620 million yen
Investment securities	13,217 million yen
Provision for structural reform losses	9,267 million yen
Provision for point system	3,024 million yen
Loss on impairment	2,485 million yen
Provision for retirement benefits	1,755 million yen
Provision for bonuses	1,589 million yen
Provision for losses on gift card redemptions	1,063 million yen
Losses carried forward	36,314 million yen
Other	12,823 million yen
Subtotal deferred tax assets	214,670 million yen
Less valuation allowance	(164,226 million yen)
Total deferred tax assets	50,444 million yen
Deferred tax liability:	
Gains/losses on other securities	(2,158 million yen)
Total deferred tax liability	(2,158 million yen)
Net deferred tax assets	48,285 million yen

Notes Related to Fixed Assets Utilized through Leasing

In addition to the fixed assets stated on the balance sheet, the Company utilizes host computers, servers, ATMs, CDs and the like under finance lease agreements in which title does not transfer.

(Translation)

Notes Concerning Transactions with Related Parties

1. Parent companies, major corporate shareholders, etc.

(Unit: millions of yen)

Affiliation	Name of Company, Etc.	Ownership	Details of Relations: Shared Directors	Details of Relations: Business Relations	Details of Transaction		Amount of Transaction	Item	End of Year Balance
Parent Company	Mitsubishi UFJ Financial Group, Inc.	Direct 28.1%			Capital increase by third party allocation (Note 3)		120,000		
		Indirect			Transfer of shares sales price gain from sale		8,331		
		47.6%					6,710		
Parent Company	The Bank of Tokyo-Mitsubishi UFJ Ltd.	Direct 47.1%	7 transferees	Alliance for use of ATMs	Fund Transaction	Loan of funds	87,481	Short term loan	200,000
		Indirect 0.2%						Long term loans to be repaid within a year	49,224
								Long term loans with affiliates,	222,950
								Commercial paper	88,895
						Payment of interest	6,417	Accrued expenses	209
				Loan business alliance	Various loan guarantees	Debt guarantees (net amount)	(61,233)	Accounts payable, debt guarantees	245,649
						Guarantee money received	5,708	Other current assets (accounts payable other)	450

(Notes)
1. Interest is calculated based on the terms and conditions for general transactions. For the revenues generated by Accounts payable, debt guarantees , the foregoing amount of Guarantee money received states the amount of guarantee money received directly from banks in the guaranteeing of the loans.
2. The Company has executed a commitment line agreement with the Bank of Tokyo-Mitsubishi UFJ, Ltd. No unused outstanding balance existed with respect to this commitment line agreement as of the end of the current fiscal year.
3. The capital increase by third party allocation implemented by the Company was subscribed to by Mitsubishi UFJ Financial Group, Inc.

2. Affiliate companies, etc.

(Unit: millions of yen)

Affiliation	Name of Company, Etc.	Ownership	Details of Relations: Shared Directors	Details of Relations: Business Relations	Details of Transaction		Amount of Transaction	Item	End of Year Balance
Subsidiary of Parent Company	Mitsubishi UFJ Trust and Banking Corporation, Ltd.	Direct 0.1% (Note) 2			Fund Transaction	Loan of funds (net amount)	(30,909)	Short term loan	10,000
								Long term loan	57,650
								Commercial paper	7,986
						Payment of interest	941	Accrued expenses	113

(Notes)
1. Interest is calculated based on the terms and conditions for general transactions.
2. The Bank of Tokyo-Mitsubishi UFJ, Ltd. and the Mitsubishi UFJ Trust and Banking Corporation (trust account) hold 3,241 thousand shares.
3. The Company has executed a commitment line agreement with the Bank of Tokyo-Mitsubishi UFJ, Ltd. An unused outstanding balance of 10,000 million yen existed with respect to this commitment line agreement as of the end of the current fiscal year.

(Translation)

Notes Related to Per Share Information

1.	Net assets per share	89.30 yen
2.	Net losses per share	68.28 yen

3. Though potential shares exist, net income per share adjusted for potential shares was not stated because the Company recorded a net loss per share.

Notes Concerning Material Subsequent Events

Succession of business by spin-off to subsidiary company established by the company for succession of the installment credit business to JACCS Co., Ltd., and transfer of shares of the corresponding subsidiary company:

1. Name of company succeeding to business through spin-off and name of company taking transfer of shares, details of the spun-off business, main reasons for succession of business and transfer of shares, spin-off date, and summary of business succession and transfer of shares including the legal form thereof

(1) Name of company succeeding to business through spin-off and name of company taking transfer of shares

(i) Name of company succeeding to business

JNS Management Service Co., Ltd.

(ii) Name of company taking transfer of shares

JACCS Co., Ltd.

(2) Detains of spun-off business

Installment sales credit business

(3) Main reasons for succession of business and transfer of shares

The Company seeks to focus its managerial resources in the credit card business, and make a bold move to a profitable structure centered on the credit card business through the succession of these operations.

(4) Spin-off date and share transfer date

Spin-off date: April 1, 2008

Share transfer date: April 1, 2008

(5) Summary of business succession and transfer of shares including the legal form

The assets and liabilities associated with the Company s installment credit sales business and the rights and obligations incidental thereto, will be succeeded to by JNS Management Service Co., Ltd., a subsidiary company established by the Company in order to succeed to the installment credit sales business. Through a spin-off type absorption, all of the shares of such corresponding subsidiary company will be transferred to JACCS Co., Ltd.

(Translation)

2. Summary of implemented accounting treatment

(1) Accounting treatment for transfer of shares

A loss of 12,020 million yen from the transfer of subsidiary company shares will use an equal amount of the allowance for losses from structural reform stated in the current fiscal year.

3. Estimated gains or losses associated with the succeeded business as stated in the consolidated statement of operations for the current fiscal year

Operating revenue (shopping loans, credit guarantees) 18,230 million yen

Since the Company manages operating profits and losses as a single unit in the credit business, no operating profits or losses are stated for separate businesses.

<u>Other Notes</u>

Related to business combinations, etc. (transactions, etc. under common control):

Merger with DC Card Co., Ltd.

1. Name of combining businesses, content of business, legal form of combined business, name of business after combination and summary of transaction including the purpose thereof

(1) Name of combining businesses and business content thereof

(i) Surviving combining business

Name: UFJ NICOS Co., Ltd.

(ii) Expiring combining business

Name: DC Card Co., Ltd.

Content of business: Credit card business

(2) Legal form of business combination

Merger and absorption with UFJ NICOS Co., Ltd., being the surviving company and DC Card Co., Ltd., becoming the expiring company.

(3) Name of business after combination

(4) Summary of transaction including the purpose thereof

The Company, which was a core card company of the MUFG Group, merged with DC Card Co., Ltd., which was likewise a core company of the MUFG Group in order to realize further improvements in its corporate valuation. Through this merger, we became a credit card company that is able to offer the most advanced solutions while also providing a business base and profitability that is second to none in the industry.

(Translation)

2. Summary of implemented accounting treatment

Accounting treatment was governed by the provisions of Accounting Standards for Business Combinations, Chapter III (Accounting Standards for Business Combinations), Article 4 (Accounting Treatment for Transactions, Etc., Under Common Control), Paragraph (1) (Transactions Under Common Control).

3. Business combination date, amount of assets received, amount of liabilities succeeded to and a breakdown thereof

(1) Amount of assets

Current assets (installment sales receivable, etc.)	534,151 million yen
Fixed assets (investment securities, etc.)	38,098 million yen

(2) Amount of liabilities

Current liabilities (accounts payable, etc.)	433,094 million yen
Fixed liabilities (long term debt, etc.)	86,476 million yen

Merger with NICOS Affiliates (consolidated subsidiary companies of the company)

1. Name of combining businesses, content of business, legal form of combined business, name of business after combination and summary of transaction including the purpose thereof

(1) Name of combining businesses and business content thereof

(i) Surviving combining business

Name: Mitsubishi UFJ NICOS Co., Ltd.

(ii) Expiring combining business

Name: Akita NICOS Co., Ltd. (first a merger was conducted with Akita NICOS Co., Ltd., becoming the surviving company and Aomori NICOS Co., Ltd., Yamagata NICOS Co., Ltd., Gifu NICOS Co., Ltd., Nishi Nippon NICOS Co., Ltd., and Minami Nippon NICOS Co., Ltd., becoming the expiring companies)

Content of business: Credit card business

(2) Legal form of business combination

Merger and absorption with Mitsubishi UFJ NICOS Co., Ltd., being the surviving company and Akita NICOS Co., Ltd., becoming the expiring company.

(3) Name of business after combination
Mitsubishi UFJ NICOS Co., Ltd.

(4) Summary of transaction including the purpose thereof
The various NICOS Affiliates were engaged in roughly the same business as the Company, but with expectations of unavoidable stricter business conditions due to the amendment of the Money Lending Business Law, other drastic changes in the industry, and increases in doubtful account related expenses arising from an increase in debt adjustment, a situation developed in which it would be difficult for these companies to continue operations on their own, and as such a merger was performed in order to strengthen the group s overall business base.

2. Summary of implemented accounting treatment
Accounting treatment was governed by the provisions of Accounting Standards for Business Combinations, Chapter III (Accounting Standards for Business Combinations), Article 4 (Accounting Treatment for Transactions, Etc., Under Common Control), Paragraph (1) (Transactions Under Common Control).

(Note) The amounts stated in the non-consolidated financial statements are rounded down to the nearest million yen.

(Translation)

(English Translation of the Auditor s Report Originally Issued in the Japanese Language)

INDEPENDENT AUDITOR S REPORT

May 20, 2008

To the Board of Directors of

Mitsubishi UFJ NICOS Co., Ltd.:

Auditing Firm: Deloitte Touche Tohmatsu

Assigned Partner / Managing Partner

Takuji Akiyama, CPA

Assigned Partner / Managing Partner

Yuji Momozaki, CPA

Assigned Partner / Managing Partner

Yasuji Suzuki, CPA

We the auditors, pursuant to the provisions of Article 444, Paragraph 4 of the Company Law, have audited the consolidated financial statements, i.e., the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes to net assets, and the notes to consolidated financial statements of Mitsubishi UFJ NICOS Co., Ltd., for the consolidated fiscal year running from April 1, 2007 through March 31, 2008. The management is responsible for the preparation of these consolidated financial statements, and we the auditors are responsible for expressing our opinions concerning these consolidated financial statements from an independent standpoint.

We the auditors have conducted the audit in accordance with audit standards generally accepted as fair and reasonable in Japan. These standards require that the auditors obtain reasonable assurance as to the question of whether or not the consolidated financial statements contain material misstatements. The audit was conducted on a test basis, and included overall examination of the representations in the consolidated financial statements, including the accounting methods adopted by the management, the application of these methods and an evaluation of the estimates produced by the management. We the auditors have judged that the results of our audit have produced a reasonable basis for the expression of our opinion.

We the auditors have found that the foregoing consolidated financial statements conform with corporate accounting standards generally accepted as fair and reasonable in Japan, and on all material points accurately present the status of assets and profits for the business group consisting of Mitsubishi UFJ NICOS Co., Ltd. and its consolidated subsidiary companies in the term associated with the consolidated financial statements.

Additional Information

1. As set forth in the notes on material matters serving as the basis for the preparation of the consolidated financial statements, from the present consolidated fiscal year the company has changed its grouping unit for assets which the accounting standards associated with the impairment of fixed assets.

2. As set forth in the notes concerning subsequent events, a succession of business by spin-off to a newly formed subsidiary company incorporated for the purpose of transferring the installment credit sales business to JACCS Co., Ltd., and the transfer of the shares of this

subsidiary company were conducted on April 1, 2008.

No interests warranting mention under the provisions of the Certified Public Accountant Law exist between the company and the auditors or the managing partners.

End

(Translation)

(English Translation of the Auditor s Report Originally Issued in the Japanese Language)

INDEPENDENT AUDITOR S REPORT

May 20, 2008

To the Board of Directors of

Mitsubishi UFJ NICOS Co., Ltd.:

Auditing Firm: Deloitte Touche Tohmatsu

Assigned Partner / Managing Partner

Takuji Akiyama, CPA

Assigned Partner / Managing Partner

Yuji Momozaki, CPA

Assigned Partner / Managing Partner

Yasuji Suzuki, CPA

We the auditors, pursuant to the provisions of Article 436, Paragraph 2 (1) of the Company Law, have audited the non-consolidated financial statements, i.e., the non-consolidated balance sheet, the non-consolidated statement of operations, the non-consolidated statement of changes to net assets, and the notes to non-consolidated financial statements of Mitsubishi UFJ NICOS Co., Ltd., for its first fiscal year running from April 1, 2007 through March 31, 2008. The management is responsible for the preparation of these non-consolidated financial statements, and we the auditors are responsible for expressing our opinions concerning these non-consolidated financial statements from an independent standpoint.

We the auditors have conducted the audit in accordance with audit standards generally accepted as fair and reasonable in Japan. These standards require that the auditors obtain reasonable assurance as to the question of whether or not the non-consolidated financial statements contain material misstatements. The audit was conducted on a test basis, and included overall examination of the representations in the non-consolidated financial statements, including the accounting methods adopted by the management, the application of these methods and an evaluation of the estimates produced by the management. We the auditors have judged that the results of our audit have produced a reasonable basis for the expression of our opinion.

We the auditors have found that the foregoing non-consolidated financial statements conform with corporate accounting standards generally accepted as fair and reasonable in Japan, and on all material points accurately present the status of assets and profits for the term associated with the non-consolidated financial statements.

Additional Information

1. As set forth in the notes on material matters serving as the basis for the preparation of the consolidated financial statements, from the present consolidated fiscal year the company has changed its grouping unit for assets which the accounting standards associated with the impairment of fixed assets.

2.

As set forth in the notes concerning subsequent events, a succession of business by spin-off to a newly formed subsidiary company incorporated for the purpose of transferring the installment credit sales business to JACCS Co., Ltd., and the transfer of the shares of this subsidiary company were conducted on April 1, 2008.

No interests warranting mention under the provisions of the Certified Public Accountant Law exist between the company and the auditors or the managing partners.

End

(Translation)

(English Translation of the Report of the Board of Statutory Auditors Originally Issued in the Japanese Language)

AUDIT REPORT

The Board of Statutory Auditors, upon deliberation and based on the audit reports prepared by the respective statutory auditors, has created and hereby presents this Audit Report related to the execution of duties by the directors in the Company s first fiscal year from April 1, 2007 through March 31, 2008.

1. Statutory Auditors and Method and Content of Audit by Board of Statutory Auditors

The Board of Statutory Auditors prescribes audit policies, the division of duties, and other matters, receives reports concerning the implementation status and results of audits from the respective statutory auditors, and when needed requests explanations thereof.

The respective statutory auditors, in compliance with the auditing standards for statutory auditors prescribed by the Board of Statutory Auditors, and in accordance with the audit policies, division of duties and the like, have strived to communicate with directors, the internal audit department, other employees and the like, and have otherwise made an effort to collect information and create an audit environment, have attended Board of Directors meetings and other important meetings, have sought explanations when needed, have reviewed important documents and the like related to decision making, and have examined the business and financial conditions at the head office and other principal offices. In addition, the respective statutory auditors have monitored and verified the content of resolutions of the Board of Directors related to the establishment of a system to ensure that the execution of duties by directors complies with laws, ordinances and the articles of incorporation and other systems as prescribed in Article 100, Paragraphs 1 and 3 of the Company Law Enforcement Regulations, and have monitored and verified the state of the systems (internal control systems) established pursuant to these resolutions. The respective statutory auditors have examined the content of the basic policy of Article 127 (1) and the various efforts of Article 127 (2) of the Company Law Enforcement Regulations set forth in the Business Report, based on the status of deliberations and the like at meetings of the Board of Directors and elsewhere. With respect to subsidiary companies, the respective statutory auditors have strived to build communications and exchange information with the directors, statutory auditors and others at the subsidiary companies, and when needed have received reports on business from the subsidiary companies. Based on the foregoing methods, the respective statutory auditors have examined the Business Report and its supporting schedules for the current fiscal year.

Furthermore, the statutory auditors have maintained independence from the accounting auditor and have monitored and verified that the audit implemented thereby was an appropriate audit, and have also received reports from the accounting auditor concerning the status of the execution of its duties and has requested explanations therefrom as needed. In addition, the statutory auditors have received notice from the accounting auditor that the system to ensure the appropriate execution of duties (the respective matters set forth in Article 159 of the Corporate Accounting Rules) has been established in accordance with the Quality Control Standards Related to Auditing (issued by the Business Accounting Council on October 28, 2005) and the like, and have requested explanations thereon as needed. Based on the foregoing methods, the statutory auditors have examined the non-consolidated financial statements (balance sheet, statement of operations, statement of change to net assets and non-consolidated notes) and their supporting statements as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of change to net assets and consolidated notes) and their supporting statements for the current fiscal year.

(Translation)

2. Results of Audit

(1) Results of Audit on Business Report, Etc.

i. The Business Report and its supporting schedules comply with laws, ordinances and the articles of incorporation, and correctly present the status of the company.

ii. There are no material facts which constitute improper actions or violations of laws, ordinances or the articles of incorporation with respect to the execution of duties by directors.

iii. The content of the resolutions of the Board of Directors as related to internal control systems is reasonable. In addition, there are no items requiring identification with respect to the execution of duties by directors in connection with these corresponding internal control systems.

(2) Results of Audit of Non-Consolidated Financial Statements and Supporting Schedules
The methods and results of the audit conducted by the accounting auditor Deloitte Touche Tohmatsu are reasonable.

(3) Results of Audit of Consolidated Financial Statements and Supporting Schedules
The methods and results of the audit conducted by the accounting auditor Deloitte Touche Tohmatsu are reasonable.

May 23, 2008

Board of Statutory Auditors of Mitsubishi UFJ NICOS Co., Ltd.

Akihiro Yuasa, Full Time Statutory Auditor (Outside Statutory Auditor)

Ryoichi Isoda, Full Time Statutory Auditor

Shoji Watanabe, Full Time Statutory Auditor (Outside Statutory Auditor)

Kimisuke Fujimoto, Statutory Auditor (Outside Statutory Auditor)

Takashi Yagi, Statutory Auditor (Outside Statutory Auditor)

End

(Translation)

Shareholders Meeting Reference Materials

Agenda Item 1 Approval of Share Exchange with Mitsubishi UFJ Financial Group, Inc.

1. Purpose of the Share Exchange

On September 20, 2007, in order to deal with changes in the regulatory environment and the development and expansion of the credit card market, our company agreed with MUFG in a memorandum of understanding that MUFG would underwrite the entirety of a third-party allotment of new shares in the amount of 120 billion yen to be conducted by us, and that we would become a wholly owned subsidiary of MUFG by means of a share exchange followed by our delisting. The agreement was made with the following objectives: (1) to strengthen our financial foundation, (2) to further enhance the strategic integrity and flexibility of the MUFG Group, including our company, and to strive for effective utilization of managerial resources within the Group, (3) to clearly position our company as a core business entity of the MUFG Group on par with banks, trusts, and securities firms, and (4) to further strengthen and nurture our card business as a strategic focus of MUFG s consumer finance business.

Based on the aforementioned memorandum, on May 28, 2008, we entered into a share exchange agreement (hereinafter the Share Exchange Agreement) with MUFG in which we would become a wholly owned subsidiary of MUFG and MUFG would become our sole parent company.

Through the Share Exchange, we hope to respond to customers needs for sophistication and diversification in a more comprehensive and efficient manner and meet the expectations of our shareholders who will become shareholders of MUFG.

(Translation)

2. Details of the Share Exchange Agreement

Share Exchange Agreement

Mitsubishi UFJ Financial Group, Inc. (MUFG , 2-7-1 Marunouchi, Chiyoda-ku, Tokyo) and Mitsubishi UFJ NICOS Co., Ltd. (MUN , 3-33-5 Hongo, Bunkyo-ku, Tokyo) enter into this share exchange agreement (this Agreement) on May 28, 2008 as follows.

Article 1 Share Exchange

MUFG and MUN shall effect a share exchange for the purpose of MUFG becoming the sole parent company of MUN and MUN becoming a wholly owned subsidiary of MUFG (the Share Exchange).

Article 2 Shares to be Issued and Allotment thereof upon the Share Exchange

1. Upon the Share Exchange, MUFG shall issue to the shareholders of MUN common stock (including beneficial shareholders but excluding MUFG; hereinafter the MUN Common Shareholders) on record in MUN s register of shareholders (including beneficial shareholders; hereinafter the same) as of the end of the day immediately prior to the Effective Date (defined below in Article 4; hereinafter the same), the number of common shares of MUFG equal to the total number of common shares of MUN held by such shareholders, multiplied by 0.37.

2. Upon the Share Exchange, MUFG shall issue to the shareholders of MUN Class 1 stock (hereinafter the MUN Class 1 Shareholders) on record in MUN s register of shareholders as of the end of the day immediately prior to the Effective Date, the number of common shares of MUFG equal to the total number of Class 1 shares of MUN held by such shareholders, multiplied by 1.39.

3. Upon the Share Exchange, MUFG shall allot to the MUN Common Shareholders on record in MUN s register of shareholders as of the end of the day immediately prior to the Effective Date, 0.37 common shares of MUFG for each common share of MUN held by such shareholders.

4. Upon the Share Exchange, MUFG shall allot to the MUN Class 1 Shareholders on record in MUN s register of shareholders as of the end of the day immediately prior to the Effective Date, 1.39 common shares of MUFG for each Class 1 share of MUN held by such shareholders.

Article 3 Increase in the Amount of Capital, Capital Surplus, and Retained Earnings

Increases in MUFG s capital, capital surplus, and retained earnings resulting from the Share Exchange shall be as follows:

(1)	Capital:	None
(2)	Capital Surplus:	The amount will be specified separately by MUFG, in accordance with Article 69, Paragraph 2(*ro*)(2) of the Corporate Calculation Regulations (Ministry of Justice Ordinance No. 13 of 2006, including all revisions as of the date of this Agreement).
(3)	Retained Earnings:	None

Article 4 Effective Date of the Share Exchange

The effective date of the Share Exchange (the Effective Date) shall be August 1, 2008, provided, however, that this date may be changed upon consultation between MUFG and MUN if such need arises during the procedure of the Share Exchange.

Article 5 General Meeting of Shareholders for Approval of the Share Exchange

1. MUN shall put this Agreement and other matters related to the Share Exchange to a vote for approval at its general shareholders meeting (combining the MUN Common Shareholders and the MUN Class 1 Shareholders; hereinafter the same) and its classified shareholders meeting of MUN Class 1 Shareholders to be held on June 27, 2008, provided, however, that this date may be changed upon consultation between MUFG and MUN if such need arises during the procedure of the Share Exchange.

2. MUFG shall, in accordance with the provisions of Article 796, Paragraph 3 of the Company Law of Japan, effect the Share Exchange without obtaining an approval of this Agreement at its general meeting of shareholders, as is generally required by Article 795, Paragraph 1 of the Company Law of Japan.

(Translation)

Article 6 Dividends from Surplus

MUFG may, subject to approval at its general shareholders meeting to be held in late June, 2008, pay dividends to the shareholders and registered pledgees on record in its register of shareholders as of the end of the day on March 31, 2008, up to a maximum aggregate amount of 80,000,000,000 yen.

Article 7 Management of Company Property

MUFG and MUN shall, from the date of the execution of this Agreement to the Effective Date, carry out the operation of their respective businesses and the management and administration of their respective properties with the due care of a good manager. If either party is to carry out any act that will materially affect its property or its rights and obligations, such party shall consult with the other party in advance.

Article 8 Alterations of the Conditions of the Share Exchange or Rescission of this Agreement

If any material change occurs with respect to the financial or operating conditions of either MUFG or MUN during the period from the date of the execution of this Agreement to the Effective Date (limited to situations in which the Board of Directors of MUFG or MUN reasonably determines that carrying out the Share Exchange in accordance with this Agreement would potentially violate such board s duty of care), upon consultation between MUFG and MUN, the conditions of the Share Exchange may be altered or this Agreement may be cancelled.

Article 9 Validity of this Agreement

This Agreement shall be null and void in the event that MUN cannot obtain approval of this Agreement at its general shareholders meeting and its classified shareholders meeting as set out in Article 5.1 above, or in the event that MUN cannot obtain approval from the relevant authorities.

Article 10 Matters Requiring Consultation

Any matters not mentioned in this Agreement or other matters necessary for the Share Exchange shall be solved through consultation between MUFG and MUN in the spirit of this Agreement.

IN WITNESS WHEREOF, MUFG and MUN have caused this Agreement to be executed in duplicate with their respective names printed and their seals affixed hereon and each party shall retain one (1) copy.

May 28, 2008

MUFG: Nobuo Kuroyanagi, President and CEO [seal]
Mitsubishi UFJ Financial Group, Inc.
2-7-1 Marunouchi, Chiyoda-ku, Tokyo

MUN: Kazuhiro Omori, President, CEO, and Chairman [seal]
Mitsubishi UFJ NICOS Co., Ltd.
3-33-5 Hongo, Bunkyo-ku, Tokyo

(Translation)

3. Summary of Matters Listed under Each Item of Article 184, Paragraph 1 of the Enforcement Regulations of the Company Law of Japan

(1) Fairness of the Consideration Paid in the Share Exchange

Fairness of the Total Consideration and Calculation Methods

In order to ensure the fairness and appropriateness of the Share Exchange Ratio in the Share Exchange with MUFG to be held on August 1, 2008, we selected KPMG FAS Co., Ltd. (hereinafter KPMG) as a third-party institution to perform the Share Exchange Ratio calculations. We received a written opinion (hereinafter the Opinion) from KPMG on May 26, 2008 that, based on and subject to the factors and assumptions set forth below, the Share Exchange Ratio was fair to the holders of Common Stock (other than MUFG and its affiliates) from a financial

KPMG analyzed our historical stock prices as well as those of MUFG (the measurement being based on a calculation date of May 23, 2008, and using the average closing prices for the 3-day period prior to the calculation date (May 21, 2008 May 23, 2008), the 1-month period prior to the calculation date (April 24, 2008 May 23, 2008), the 3-month period prior to the calculation date (February 25, 2008 May 23, 2008), and the 6-month period prior to the calculation date (November 26, 2007 May 23, 2008), as well as the average closing prices for the 1-month period prior to the announcement of the basic agreement on September 20, 2007 (August 20, 2007 September 19, 2007)). KPMG also used other methods of analysis such as the dividend discount model (DDM) to calculate the Share Exchange Ratio for the common stock. To calculate the Share Exchange Ratio for the Class 1 stock, KPMG analyzed the historical stock prices as described above and used the tree-based method to analyze the value of the Class 1 stock and calculate a Share Exchange Ratio. KPMG took these results into consideration and presented to the Company its opinions regarding the Share Exchange Ratio for the common stock.

The ranges of valuations that KPMG calculated using the results of each analysis are shown below.

a. The calculated range for the Share Exchange Ratio based on the analysis of historical stock prices was 0.284 0.389 shares of our common stock for each MUFG share.

b. The calculated range for the Share Exchange Ratio based on the DDM methods was 0.259 0.370 shares of our common stock for each MUFG share.

In preparing its Opinion and the calculations behind it, KPMG assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it by both companies, and KPMG did not undertake any responsibility to independently verify such information, nor has it undertaken any independent evaluation or appraisal of any assets or liabilities of either company, nor has it been furnished with any such evaluation or appraisal.

With respect to the financial forecast information furnished to or discussed with KPMG by us as well as MUFG, KPMG assumed that it was reasonably prepared and reflected the best currently available estimates and judgment of our management as well as MUFG s management as to our expected future financial performance as well as that of MUFG. KPMG s Opinion was based upon market, economic, and other conditions as they existed and could be evaluated as of, and on the information made available to KPMG as of, May 23, 2008.

Our Board of Directors entered into a Share Exchange Agreement containing the following Share Exchange Ratio at its board meeting on May 28, 2008, as a result of negotiations and discussions with MUFG making reference to analyses of the calculations described above.

(Translation)

Stock	MUFG (Parent company) Common stock	Mitsubishi UFJ NICOS (Wholly owned subsidiary) Common stock	Class 1 stock
Share exchange ratio	1	0.37	1.39

(Notes)

1. In the Share Exchange, MUFG will issue to our shareholders (including the beneficial shareholders, excluding MUFG), in exchange for their common shares or Class 1 shares, the amount of MUFG shares equal to the aggregate number of common shares or Class 1 shares held as of the day preceding the effective date (the effective date being August 1, 2008 (tentative)) by all shareholders entered or recorded in our final shareholders register (including the beneficial shareholders register) multiplied by 0.37 for common shares or 1.39 for Class 1 shares. The common stock received by our shareholders from MUFG is expected to come from treasury stock rather than an issuance of new shares. Where one of our shareholders is to receive a fraction of an MUFG common share in the Share Exchange, such shareholder will instead receive cash compensation under Article 234 of the Company Law of Japan.
2. For each share of our common stock, shareholders will receive 0.37 shares of MUFG common stock, and for each share of our Class 1 stock, shareholders will receive 1.39 shares of MUFG common stock. MUFG presently owns 400,000,000 shares of our common stock, but will receive no allocation of stock in the Share Exchange for the shares it owns as of the day preceding the effective date (the effective date being August 1, 2008 (tentative)).
3. The content above is subject to change by agreement between MUFG and the Company in the event of a material change in the basic assumptions underlying the calculations.

KPMG is not a related party of the Company, nor is it a related party of MUFG.

Reason for Selecting MUFG Common Stock as Consideration

MUFG s common stock is listed on the Tokyo Stock Exchange, the Osaka Stock Exchange, the Nagoya Stock Exchange, and the New York Stock Exchange, and in order to preserve liquidity and allow our shareholders to enjoy the future benefits from improvements in our corporate value, we decided that MUFG common stock was appropriate consideration in the Share Exchange.

Protection of Minority Shareholders

(i) Measures to Ensure Fairness

As a measure to ensure a fair and appropriate Share Exchange Ratio, as explained in section (1) above, we referred to calculations by a separate and independent third-party institution. We decided on the Share Exchange Ratio for the Share Exchange as a result of negotiations and discussions with MUFG making reference to analyses of the calculations of the third-party institution. We have also received a written Opinion from KPMG to the effect that the Share Exchange Ratio is fair to our minority shareholders from a financial perspective. Furthermore, as explained in subsection (ii) below, an Independent Evaluation Committee was established by our Board of Directors to review the fairness of the Share Exchange Ratio, and the Committee s opinion was given the utmost importance in determining the Share Exchange Ratio.

(Translation)

(ii) Measures to Avoid Conflicts of Interest

Because the Share Exchange will be carried out by the Company and MUFG, which owns 75.77% of our voting rights, we determined that special procedures were necessary to protect our minority shareholders and ensure fairness in the Share Exchange.

Specifically, an Independent Evaluation Committee consisting of one outside director (Noboru Matsuda, attorney-at-law) and two outside experts (Shinichi Kasahara, attorney-at-law, and Eiji Asada, CPA) was formed at our board meeting on November 8, 2007, and the Committee reviewed (1) whether the Share Exchange improves our corporate value, (2) whether the consideration (the Share Exchange Ratio) was fair, and (3) whether shareholder interests were taken into consideration through fair procedures.

The Independent Evaluation Committee met 10 times during the period between February 25, 2008 and May 27, 2008 and carefully discussed the above review items with our outside advisors (legal advisor: Nishimura & Asahi, accounting and tax advisor: KPMG AZSA & Co., third-party appraiser: KPMG) in attendance. The Independent Evaluation Committee received explanations from representatives of the Company and the outside experts regarding the influence of the Share Exchange on our corporate value, the methods and procedures for calculating the Share Exchange Ratio, the content of the Share Exchange Agreement, the state of negotiation of the Share Exchange Agreement, including the Share Exchange Ratio, and other matters relating to the Share Exchange. The Committee also reviewed the calculations and analysis that we received from KPMG, the advice we received from the outside advisors, and other data we received, and confirmed the content of KPMG s Opinion on the Share Exchange Ratio. As a result of its discussions, the Committee presented the following opinions in writing at the our board meeting on May 27, 2008: (1) it is reasonable to determine that the Share Exchange would improve our corporate value, (2) it is reasonable to determine that the Share Exchange Ratio is fair, and (3) it is reasonable to determine that shareholder interests were considered in the Share Exchange through fair procedures.

In the board meeting on May 28, 2008 after careful deliberation regarding the fairness of the terms and procedures of the Share Exchange in which the board reviewed the opinion of the Independent Evaluation Committee, our Board of Directors unanimously approved the decision to enter into the Share Exchange Agreement.

Tadachiyo Osada, one of our directors and a corporate officer at MUFG and The Bank of Tokyo-Mitsubishi UFJ, had potential conflicts of interest regarding the Share Exchange because of his positions on the MUFG side. Accordingly, Mr. Osada excused himself from all discussions regarding the Share Exchange for which his presence was not necessary, and did not participate in the vote or the decision.

Fairness of Matters Regarding MUFG s Capital and Capital Surplus

Increases in MUFG s capital, capital surplus, and retained earnings resulting from the Share Exchange shall be as follows:

(i)	Capital:	None.
(ii)	Capital Surplus:	The amount will be specified separately by MUFG, in accordance with Article 69, Paragraph 2(*ro*)(2) of the Corporate Calculation Regulations (Ministry of Justice Ordinance No. 13 of 2006, including all revisions as of the date of this Agreement).
(iii)	Retained Earnings:	None.

The capital, capital surplus, and retained earnings listed above are considered fair under the relevant law and under MUFG s capital policy.

(Translation)

(2) Items for Reference Regarding the Consideration Paid on the Share Exchange

Articles of Incorporation of Mitsubishi UFJ Financial Group, Inc.

ARTICLES OF INCORPORATION

OF MITSUBISHI UFJ FINANCIAL GROUP, INC.

CHAPTER I. GENERAL PROVISIONS

Article 1 Trade Name

The Company shall be called Kabushiki Kaisha Mitsubishi UFJ Financial Group and shall be called in English Mitsubishi UFJ Financial Group, Inc. (hereinafter referred to as the Company).

Article 2 Purpose

The purpose of the Company shall be to engage in the following businesses as a bank holding company:

1. Administration of management of banks, trust banks, specialized securities companies, insurance companies or other companies which the Company may own as its subsidiaries under the Banking Law; and

2. Any other businesses incidental to the foregoing businesses mentioned in the preceding item.

Article 3 Location of Head Office

The Company shall have its head office in Chiyoda-ku, Tokyo.

Article 4 Organization

The Company shall establish the following organizations in addition to general meeting of shareholders and directors:

1. Board of Directors;

2. Corporate Auditors;

3. Board of Corporate Auditors; and

4. Accounting Auditor.

Article 5 Method of Public Notice

Public notices of the Company shall be given in the manner of the publication in the *Nihon Keizai Shimbun.*

(Translation)

CHAPTER II. SHARES

Article 6 Total Number of Shares Authorized to be Issued

The aggregate number of shares authorized to be issued by the Company shall be thirty-four billion seventy six million nine hundred one thousand (34,076,901,000) shares, and the aggregate number of each class shares authorized to be issued shall be as set forth below; provided, however, that the aggregate number of shares authorized to be issued with respect to the First to the Fourth Series of Class 5 Preferred Shares shall not exceed four hundred million (400,000,000) in total, the aggregate number of shares authorized to be issued with respect to the First to the Fourth Series of Class 6 Preferred Shares shall not exceed two hundred million (200,000,000) in total, and the aggregate number of shares authorized to be issued with respect to the First to the Fourth Series of Class 7 Preferred Shares shall not exceed two hundred million (200,000,000) in total.

Ordinary Shares:	thirty-three billion (33,000,000,000) shares
Class 3 Preferred Shares:	one hundred twenty million (120,000,000) shares
The First Series of Class 5 Preferred Shares:	four hundred million (400,000,000) shares
The Second Series of Class 5 Preferred Shares:	four hundred million (400,000,000) shares
The Third Series of Class 5 Preferred Shares:	four hundred million (400,000,000) shares
The Fourth Series of Class 5 Preferred Shares:	four hundred million (400,000,000) shares
The First Series of Class 6 Preferred Shares:	two hundred million (200,000,000) shares
The Second Series of Class 6 Preferred Shares:	two hundred million (200,000,000) shares
The Third Series of Class 6 Preferred Shares:	two hundred million (200,000,000) shares
The Fourth Series of Class 6 Preferred Shares:	two hundred million (200,000,000) shares
The First Series of Class 7 Preferred Shares:	two hundred million (200,000,000) shares
The Second Series of Class 7 Preferred Shares:	two hundred million (200,000,000) shares
The Third Series of Class 7 Preferred Shares:	two hundred million (200,000,000) shares
The Fourth Series of Class 7 Preferred Shares:	two hundred million (200,000,000) shares
Class 8 Preferred Shares:	twenty-seven million (27,000,000) shares
Class 11 Preferred Shares:	one thousand (1,000) shares
Class 12 Preferred Shares:	one hundred twenty-nine million nine hundred thousand (129,900,000) shares

Article 7 Share Certificates

The Company shall issue share certificates representing its issued shares.

Article 8 Number of Shares Constituting One (1) Unit of Shares and Non-issuance of Share Certificates for Fractional Unit Shares

1. The number of shares constituting one (1) unit of shares of the Company shall be one hundred (100) with respect to Ordinary Shares and each class of Preferred Shares, respectively.

2. Notwithstanding the preceding Article, the Company shall not issue share certificates for fractional unit shares, unless otherwise specified in the Share Handling Regulations.

(Translation)

Article 9 Rights Pertaining to Fractional Unit Shares

A Shareholder of the Company (including a beneficial shareholder; hereinafter the same being applicable) may not exercise any rights with respect to fractional unit shares held by such shareholder, except for the following:

1. The rights provided for in each item of Article 189, Paragraph 2 of the Company Law;

2. The right to make a request pursuant to Article 166, Paragraph 1 of the Company Law;

3. The right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by such shareholder; and

4. The right to make a request provided for in the following Article.

Article 10 Transfer Agent

A shareholder of the Company may request the Company to sell to the shareholder such number of shares which will, when combined with the fractional unit shares already held by such shareholder, constitute one (1) full unit of shares pursuant to the Share Handling Regulations.

Article 11 Record Date

1. The Company shall deem the shareholders (including beneficial shareholders; the same shall apply hereinafter) whose names have been entered or recorded in the latest register of shareholders (including the register of beneficial shareholders; the same shall apply hereinafter) as of March 31 of each year to be the shareholders who are entitled to exercise their rights at the ordinary general meeting of shareholders for the relevant business year.

2. In addition to the above, whenever necessary, the Company may, upon giving prior public notice, fix a date as a record date and may deem the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of such date as the shareholders or the registered share pledgees entitled to exercise their rights.

Article 12 Transfer Agent

1. The Company shall have a share transfer agent.

2. The share transfer agent and the handling office thereof shall be designated by resolution of the Board of Directors, and public notice thereof shall be given.

3. The establishment and retention of the register of shareholders, the register of stock acquisition rights and the register of lost share certificates of the Company and any other businesses with respect to the register of shareholders, the register of stock acquisition rights and the register of lost share certificates of the Company shall be handled by the share transfer agent, not by the Company.

Article 13 Share Handling Regulations

The denomination of share certificates to be issued by the Company, the registration of transfers of shares, the registration of pledges on shares, the entries or records in the register of beneficial shareholders and in the register of lost share certificates as well as in the register of stock acquisition rights, and any other handling with respect to shares and stock acquisition rights as well as the fees therefor shall be governed by the Share Handling Regulations established by the Board of Directors.

(Translation)

CHAPTER III. PREFERRED SHARES

Article 14 Preferred Dividends

1. The Company shall distribute cash dividends from surplus on Preferred Shares (hereinafter referred to as the Preferred Dividends) in such respective amount as prescribed below to the holders of Preferred Shares (hereinafter referred to as the Preferred Shareholders) or registered share pledgees who hold pledges over Preferred Shares (hereinafter referred to as the Registered Preferred Share Pledgees), whose names have been entered or recorded in the latest register of shareholders as of March 31 of each year, with priority over the holders of Ordinary Shares (hereinafter referred to as the Ordinary Shareholders) or registered share pledgees who hold pledges over Ordinary Shares (hereinafter referred to as the Registered Ordinary Share Pledgees) ; provided, however, that in the event that the Preferred Interim Dividends provided for in Article 15 hereof have been paid in the relevant business year, the amount so paid shall be deducted accordingly from the amount of the Preferred Dividends set forth below for each relevant class of Preferred Shares.

Class 3 Preferred Shares:	Sixty (60) yen per share per year
The First to the Fourth Series of Class 5 Preferred Shares:	Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 5 Preferred Shares, up to two hundred fifty (250) yen per share per year
The First to the Fourth Series of Class 6 Preferred Shares:	Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 6 Preferred Shares, up to one hundred twenty-five (125) yen per share per year
The First to the Fourth Series of Class 7 Preferred Shares:	Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 7 Preferred Shares, up to one hundred twenty-five (125) yen per share per year
Class 8 Preferred Shares:	Fifteen and ninety hundredths (15.90) yen per share per year
Class 11 Preferred Shares:	Five and thirty hundredths (5.30) yen per share per year
Class 12 Preferred Shares:	Eleven and fifty hundredths (11.50) yen per share per year

2. If the aggregate amount paid to a Preferred Shareholder or Registered Preferred Share Pledgee as cash dividends from surplus in any particular business year is less than the prescribed amount of the relevant Preferred Dividends, the unpaid amount shall not be carried over to nor cumulated in subsequent business years.

3. The Company shall not distribute any dividends from surplus to any Preferred Shareholder or Registered Preferred Share Pledgee in excess of the prescribed amount of the relevant Preferred Dividends except for the distribution from surplus in the process of the corporate split *(kyushu-bunkatsu)* pursuant to Article 758, Item 8 (b) or Article 760, Item 7 (b) of the Corporation Act , or the distribution from surplus in the process of the corporate split *(shinsetsu-bunkatsu)* pursuant to Article 763, Item 12 (b) or Article 765 Paragraph 1, Item 8 (b) of the said act.

(Translation)

Article 15 Preferred Interim Dividends

In the event of payment of Interim Dividends provided for in Article 51 of these Articles (hereinafter referred to as the Preferred Interim Dividends), the Company shall make a cash distribution from surplus in such respective amount as prescribed below for each class of Preferred Shares to the Preferred Shareholders or Registered Preferred Share Pledgees with priority over the Ordinary Shareholders or Registered Ordinary Share Pledgees.

Class 3 Preferred Shares:	Thirty (30) yen per share
The First to the Fourth Series of Class 5 Preferred Shares:	Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 5 Preferred Shares, up to one hundred twenty-five (125) yen per share
The First to the Fourth Series of Class 6 Preferred Shares:	Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 6 Preferred Shares, up to sixty-two and fifty hundredths (62.50) yen per share
The First to the Fourth Series of Class 7 Preferred Shares:	Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 7 Preferred Shares, up to sixty-two and fifty hundredths (62.50) yen per share
Class 8 Preferred Shares:	Seven and ninety-five hundredths (7.95) yen per share
Class 11 Preferred Shares:	Two and sixty-five hundredths (2.65) yen per share
Class 12 Preferred Shares:	Five and seventy-five hundredths (5.75) yen per share

Article 16 Distribution of Residual Assets

1. If the Company distributes its residual assets in cash upon liquidation, the Company shall pay cash to the Preferred Shareholders or Registered Preferred Share Pledgees with priority over the Ordinary Shareholders or Registered Ordinary Share Pledgees in such respective amount as prescribed below:

Class 3 Preferred Shares:	Two thousand five hundred (2,500) yen per share
The First to the Fourth Series of Class 5 Preferred Shares:	Two thousand five hundred (2,500) yen per share
The First to the Fourth Series of Class 6 Preferred Shares:	Two thousand five hundred (2,500) yen per share
The First to the Fourth Series of Class 7 Preferred Shares:	Two thousand five hundred (2,500) yen per share
Class 8 Preferred Shares:	Three thousand (3,000) yen per share
Class 11 Preferred Shares:	One thousand (1,000) yen per share
Class 12 Preferred Shares:	One thousand (1,000) yen per share

2. The Company shall not make a distribution of residual assets other than as provided for in the preceding paragraph to the Preferred Shareholders or Registered Preferred Share Pledgees.

(Translation)

Article 17 Voting Rights

Unless otherwise provided for by laws or regulations, the Preferred Shareholders shall not have voting rights at any general meeting of shareholders; provided, however, that the Preferred Shareholders shall have voting rights from (i) the commencement of an ordinary general meeting of shareholders in the event that no proposal for declaration of the Preferred Dividends be paid to the Preferred Shareholders is submitted to such ordinary general meeting of shareholders or (ii) the close of an ordinary general meeting of shareholders in the event that such proposal is rejected at such ordinary general meeting of shareholders, until, in either case, a proposal for declaration of the Preferred Dividends be paid to the Preferred Shareholders is approved at an ordinary general meeting of shareholders.

Article 18 Consolidation or Split of Preferred Shares and Rights to Be Allotted Shares, etc.

1. Unless otherwise provided for by laws or regulations, the Company shall not consolidate or split any Preferred Shares.

2. The Company shall not grant the Preferred Shareholders any rights to be allotted shares or stock acquisition rights.

3. The Company shall not grant the Preferred Shareholders any rights for the free allotment of shares or stock acquisition rights.

Article 19 Provisions for Acquisition

1. In respect of the First to the Fourth Series of Class 5 Preferred Shares and/or the First to the Fourth Series of Class 6 Preferred Shares, the Company may, after issuance of the respective Preferred Shares and after the lapse of the period designated by resolution of the Board of Directors adopted at the time of the issuance of respective Preferred Shares, acquire such Preferred Shares, in whole or in part, in exchange for the amount of cash as deemed appropriate as the acquisition price giving due consideration to the prevailing market conditions, as determined by such resolution of the Board of Directors, on a certain date as separately determined by the Company by a resolution of the Board of Directors after the issue of the relevant Preferred Shares.

2. In respect of Class 3 Preferred Shares, the Company may, after issuance of Class 3 Preferred Shares and after February 18, 2010, acquire such Class 3 Preferred Shares, in whole or in part, in exchange for the amount of two thousand five hundred (2,500) yen per one (1) Class 3 Preferred Share, on a certain date as separately determined by the Company by a resolution of the Board of Directors after the issue of such Class 3 Preferred Shares.

3. Partial acquisition shall be effected pro rata or in lot.

Article 20 Right to Request Acquisition

1. Any holder of the First to the Fourth Series of Class 6 or the First to the Fourth Series of Class 7 Preferred Shares may request acquisition of such Preferred Shares during the period in which such Preferred Shareholder is entitled to request acquisition as determined by resolution of the Board of Directors adopted at the time of issuance of such Preferred Shares, in exchange for Ordinary Shares of the Company in the number as is calculated by the formula designated by such resolution.

2. Any holder of Class 8 Preferred Shares, Class 11 Preferred Shares and Class 12 Preferred Shares may request acquisition of the relevant Preferred Shares during the period in which such Preferred Shareholder is entitled to request acquisition as provided for in Attachments 1 through 3, in exchange for Ordinary Shares of the Company in the number as is calculated by the formula provided

for in such Attachments 1 through 3.

(Translation)

Article 21 Mandatory Acquisition

1. The Company shall mandatorily acquire any of the First to the Fourth Series of Class 6 Preferred Shares or the First to the Fourth Series of Class 7 Preferred Shares for which no request for acquisition is made during the period in which the holders of such Preferred Shares is entitled to request acquisition on the day immediately following the last day of such period in exchange for Ordinary Shares in the number as is obtained by dividing an amount equivalent to the subscription price per each relevant Preferred Share by the average daily closing price (including closing bids or offered prices) of Ordinary Shares of the Company (in regular trading) as reported by the Tokyo Stock Exchange for the thirty (30) consecutive trading days (excluding a trading day or days on which no closing price or closing bid or offered price is reported) commencing on the forty-fifth (45th) trading day prior to such date; provided, however, that such calculation shall be made to the second decimal place denominated in yen, and rounded up to one decimal place when the fraction beyond it is equal to or more than 0.05 yen, discarding amounts less than 0.05 yen. If the relevant average price is less than the amount determined by resolution of the Board of Directors adopted at the time of issuance of respective Preferred Shares, the relevant Preferred Shares shall be acquired in exchange for Ordinary Shares in the number as is obtained by dividing an amount equivalent to the subscription price per each relevant Preferred Shares by an amount so determined by such resolution of the Board of Directors.

2. The Company shall mandatorily acquire any of Class 8 Preferred Shares, Class 11 Preferred Shares and Class 12 Preferred Shares for which no request for acquisition is made during the period in which such Preferred Shareholder is entitled to request for acquisition on the day immediately following the last day of such period in exchange for Ordinary Shares in the number as is obtained by dividing an amount equivalent to the subscription price per each relevant Preferred Share by the average daily closing price (including closing bids or offered prices) of Ordinary Shares of the Company (in regular trading) as reported by the Tokyo Stock Exchange for the thirty (30) consecutive trading days (excluding a trading day or days on which no closing price or closing bid or offered price is reported) commencing on the forty-fifth (45th) trading day prior to such date; provided, however, that such calculation shall be made to the second decimal place denominated in Yen, and rounded up to the first decimal place when the fraction is equal to or more than 0.05 yen, discarding amounts less than 0.05 yen. If the relevant average price is less than such respective amount as set forth below, the relevant Preferred Shares shall be acquired in exchange for Ordinary Shares in the number as is obtained by dividing the amount equivalent to the subscription price per each relevant Preferred Share by such respective amount as set forth below.

Class 8 Preferred Shares:	One thousand two hundred nine and seventy hundredths (1,209.70) yen per share
Class 11 Preferred Shares:	Eight hundred two and sixty hundredths (802.60) yen per share
Class 12 Preferred Shares:	Seven hundred ninety-five and twenty hundredths (795.20) yen per share

3. In respect of Class 8 Preferred Shares, Class 11 Preferred Shares and Class 12 Preferred Shares, the amount equivalent to the subscription price referred to in the preceding paragraph shall be such respective amount as prescribed below.

Class 8 Preferred Shares:	Three thousand (3,000) yen per share
Class 11 Preferred Shares:	One thousand (1,000) yen per share
Class 12 Preferred Shares:	One thousand (1,000) yen per share

4. In the calculation of the number of Ordinary Shares provided for in Paragraph 1 and Paragraph 2 of this article, if any number less than one (1) share is yielded, such fractions shall be handled by the method provided for in Article 234 of the Corporation Act.

(Translation)

Article 22 Order of Priority

All classes of Preferred Shares shall rank *pari passu* with each other in respect of the payment of Preferred Dividends and Preferred Interim Dividends and the distribution of residual assets.

Article 23 Prescription Period

The provisions set forth in Article 52 of these Articles shall apply *mutatis mutandis* to the payment of Preferred Dividends and Preferred Interim Dividends.

CHAPTER IV. GENERAL MEETING OF SHAREHOLDERS

Article 24 Convocation

1. An ordinary general meeting of shareholders shall be convened within three (3) months from the last day of each business year.

2. An extraordinary general meeting of shareholders shall be convened whenever necessary.

Article 25 Chairman

1. The President and Director of the Company shall act as chairman of general meetings of shareholders.

2. If the President and Director is unable to act as such, one of the other Directors shall act as chairman in accordance with the order of priority previously determined by the Board of Directors.

Article 26 Disclosure via Internet and Demand Delivery of Reference Documents, etc. for General Meeting of Shareholders

Upon convening a general meeting of shareholders, the Company may deem that the information required to be described or indicated in the reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements shall have been provided to the shareholders when such information is disclosed, pursuant to the Ministry of Justice Ordinances, through a method that uses the Internet.

Article 27 Method of Resolution

1. Unless otherwise provided for by law or regulation or these Articles of Incorporation, resolutions of a general meeting of shareholders shall be adopted by an affirmative vote of a majority of the voting rights of the shareholders in attendance who are entitled to vote.

2. Resolutions of a general meeting of shareholders provided for in Article 309, Paragraph 2 of the Corporation Act and resolutions of a general meeting of shareholders for which the method of resolution provided for in the said Paragraph shall be applied *mutatis mutandis* pursuant to the Corporation Act and other laws and regulations shall be adopted by an affirmative vote of two-thirds ($^2/_3$) or more of the voting rights of the shareholders in attendance who hold in the aggregate not less than one-third ($^1/_3$) of the total number of voting rights of all shareholders who are entitled to vote.

(Translation)

Article 28 Voting by Proxy

1. Shareholders may exercise their voting rights at a general meeting of shareholders by appointing one (1) proxy who is one (1) shareholder of the Company entitled to exercise its own voting rights at such meeting.

2. In the case of the preceding paragraph, the shareholder or the proxy thereof shall submit to the Company a document evidencing authority of the proxy to act as such at each general meeting of shareholders.

Article 29 Minutes

The proceedings of general meetings of shareholders shall be stated or recorded in the minutes pursuant to laws and regulations.

Article 30 General Meetings of Holders of Classes of Shares

1. The provisions of Articles 25, 26, 28 and 29 of these Articles shall apply *mutatis mutandis* to general meetings of class shareholders.

2. The provisions of Article 27, Paragraph 1 of these Articles shall apply *mutatis mutandis* to the resolutions of general meetings of class shareholders made pursuant to Article 324, Paragraph 1 of the Corporation Act.

3. The provisions of Article 27, Paragraph 2 of these Articles shall apply *mutatis mutandis* to the resolutions of general meetings of class shareholders made pursuant to Article 324, Paragraph 2 of the Corporation Act.

CHAPTER V. DIRECTORS AND BOARD OF DIRECTORS

Article 31 Number of Directors and Method of Election

1. The Company shall have not more than twenty (20) Directors, who shall be elected at a general meeting of shareholders.