

## **SMFG's Proposal regarding Capital Enhancement to UFJ, Sent to UFJ**

TOKYO, August 30, 2004 --- Sumitomo Mitsui Financial Group, Inc. ("SMFG", President and CEO: Yoshifumi Nishikawa) announced today that it had sent to UFJ Holdings, Inc. and UFJ Bank Limited ("UFJ"), a written "Proposal regarding Capital Enhancement to UFJ", including SMFG's specific proposal regarding the capital enhancement to UFJ. The brief overview of the proposal is as follows. SMFG believes the integration between SMFG and UFJ is the best choice for both groups' shareholders, customers and employees, and SMFG strongly expects UFJ to positively examine the proposal.

### 1. Amount of Capital Enhancement

As we have been proposing in earlier letters, we have reconfirmed that we will provide a necessary amount of capital to UFJ by the end of September 2004 and that we can provide a necessary amount of capital even in a situation that such amount reaches ¥700 billion. Although we believe due diligence needs to be conducted in order for SMFG's board members to fulfill its fiduciary duty to SMFG's shareholders, we will provide capital in a timely manner by efficiently conducting the due diligence. We have also stated in the proposal that we will provide capital to UFJ unless we find material discrepancies from publicly disclosed information during the due diligence process.

### 2. Terms and Conditions of Preferred Stocks

We propose to subscribe for convertible preferred stocks being issued by UFJ Holdings, Inc. It is our understanding that both groups' shareholders will not be affected by the terms and conditions of the preferred stocks since the preferred stocks are retired when the integration between UFJ and SMFG consummates. Hence, if UFJ and SMFG enter into a basic agreement regarding the integration, we will not exercise the conversion rights of the preferred stocks as long as the agreement is in effect.