MITSUBISHI UFJ FINANCIAL GROUP INC
Form 6-K
June 29, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 under

the Securities Exchange Act of 1934

For the month of June 2011

MITSUBISHI UFJ FINANCIAL GROUP, INC.

(Translation of registrant s name into English)

7-1, Marunouchi 2-chome, Chiyoda-ku

Tokyo 100-8330, Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or

will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F __X__ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K

in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K

in paper as permitted by Regulation S-T Rule 101(b)(7):

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 29, 2011

Mitsubishi UFJ Financial Group, Inc.

By: /s/ Manabu Ishii
Name: Manabu Ishii
Title: Chief Manager, General Affairs
Corporate Administration Division

English Translation of Excerpt from Securities Report Filed in Japan

This document is an English translation of the material information included in the Securities Reports filed by Mitsubishi UFJ Financial Group, Inc. (MUFG or we) with the Kanto Local Financial Bureau, the Ministry of Finance of Japan, on June 29, 2011.

The Securities Report is prepared and filed in Japan in accordance with applicable Japanese disclosure requirements. Accordingly, the Securities Report may not contain all of the information that is important to you. For a more complete discussion of the background to the Securities Report disclosure, please see our annual report on Form 20-F for the fiscal year ended March 31, 2010 and the other reports filed or submitted by MUFG to the SEC.

Risks relating to our business

We have described below the major matters that we believe may have a material impact on your investment decision with respect to risks to our business, as well as other risks. In addition, to proactively disclose information to investors, we have described matters that do not necessarily correspond to such risk factors, but that we believe are material to you in making an investment decision. We will, with the understanding that these risks may occur, endeavor to avoid the occurrence of such risks and to address such risks if they occur.

This section contains forward-looking statements, which unless specifically described otherwise, reflect our understanding as of the date of filing of this annual securities report.

1. Risks relating to our recently completed and planned investments and capital alliance

As part of our strategic effort to create a global leading comprehensive financial group that offers a broad range of financial products and services, we make investments and enter into capital alliances.

We may continue to make investments and enter into capital alliances. However, our investments and capital alliances may be dissolved or we may not achieve the synergies or other results that we expected because of unexpected changes in the industries our investees belong to, changes in the laws and regulations or accounting standards that relate to our investees, stagnation of the economy and changes to the strategies or financial condition of our investees. Such circumstances may adversely affect our business strategies, financial condition and results of operations.

2. Risks relating to our strategic alliance with Morgan Stanley

(1) Risks relating to our strategic alliance

In addition to our holdings of Morgan Stanley s common stock and preferred stock (which represent approximately 20% of the voting interest in Morgan Stanley on a fully diluted basis and which, as a result of the expected voluntary conversion of preferred stock into common stock described in (2) below (the Conversion), will increase to approximately 22.4%), we have entered into a strategic alliance with Morgan Stanley to jointly manage a securities business joint venture in Japan, and to cooperate with each other in the corporate finance business in the United States.

Even though we entered into the strategic alliance anticipating future benefits from collaboration with Morgan Stanley, and we intend to further strengthen the alliance through the Conversion, if the social, economic and financial environment proves contrary to the assumptions on which our strategic decisions were based, or if our collaboration of personnel, products and services or the formation and implementation of the joint venture s management, controls or business strategies do not go as planned, we may not be able to achieve the synergy and other results that we expected from the strategic alliance.

If our strategic alliance with Morgan Stanley is terminated, it may adversely affect our business strategies, financial condition and results of operations. In addition, even though we made a large investment in Morgan Stanley and own Morgan Stanley s common and preferred stock as described above, we are, and will remain following the Conversion, a non-controlling shareholder, and we cannot control Morgan Stanley s business nor can we make decisions with respect to Morgan Stanley. If Morgan Stanley makes independent decisions that are not consistent with our interests, we may not be able to achieve the goals initially expected from our strategic alliance with Morgan Stanley. In addition, even though we are not a controlling shareholder, because of our large investment in Morgan Stanley, if Morgan Stanley s financial condition or results of operations deteriorate, we will further incur substantial investment losses and it may damage our reputation.

(2) Agreement to convert preferred stock

In April 2011, we entered into an agreement with Morgan Stanley to convert the convertible preferred stock issued to us by Morgan Stanley into shares of Morgan Stanley common stock. Following the Conversion, we expect to hold approximately 22.4% of the voting rights in Morgan Stanley and intend to further strengthen the strategic alliance with Morgan Stanley.

The Conversion is subject to certain conditions, including completion of required procedures in certain jurisdictions. If the Conversion fails to occur because these procedures are not completed as expected or for any other reason, we may not be able to strengthen our strategic alliance with Morgan Stanley as planned.

(3) Effects of equity method of accounting

Following the Conversion, we expect to hold approximately 22.4% of the voting rights in Morgan Stanley and appoint a second representative to Morgan Stanley s board of directors. In addition, following the Conversion, Morgan Stanley is expected to become an affiliate of ours accounted for under the equity method.

As a result of Morgan Stanley becoming an equity-method affiliate, Morgan Stanley s results of operations will have a larger impact on our results of operations as the amount of Morgan Stanley s income or loss in proportion to our shareholding ratio will be recognized as income or loss from investments in affiliates in our statements of income.

3. Risks relating to our equity portfolio

We hold large amounts of marketable equity securities. If stock prices decline, our portfolio of securities will incur impairment losses or valuation losses, which will adversely affect our financial condition and results of operations and may also decrease our capital ratios.

4. Risks relating to our lending business

(1) Status of our problem loans

Since our inception in 2005, our outstanding balance of problem loans had decreased gradually, but because of the impact of the recession after the Lehman Shock in September 2008, it has increased in recent years. In the future, our problem loans and credit costs may increase further because of deterioration of domestic and foreign economies, declines in real estate and stock prices, changes in the financial condition of our borrowers or in the global economic environment and other factors, which will adversely affect our financial condition and results of operations and may result in a decrease in our capital ratios.

(2) Status of our allowance for credit losses

Our allowance for credit losses is based on assumptions and estimates of the condition of borrowers, the value of the collateral provided and the economy as a whole. Our actual loan losses may be different from the assumptions and estimates made at the time of the provision for credit losses, causing our actual loan losses to be significantly larger than our allowance. This may result in situations where our allowance is insufficient. In addition, because of a deterioration of the economy in general, we may be required to change the assumptions and estimates that we initially made, and a decrease in the value of collateral or other unforeseen reasons may require us to increase our provision for credit losses.

(3) Status of troubled borrowers

We have borrowers that are experiencing financial difficulties. Some of these borrowers are rehabilitating their businesses through legal proceedings or voluntary restructurings (e.g., Turnaround ADR (alternative dispute resolution)) that include debt forgiveness.

This has adversely affected our problem loan issue. If the borrowers are not successful in their rehabilitation because of the deterioration in the economy, heightened competition in the borrowers industry or the termination of or decrease in support provided by other creditors, they may become distressed again. If the financial distress that these borrowers face or other problems continue or expand or we are required to forgive our debt, our credit costs will increase and this may adversely affect our problem loan issue.

(4) Our response to borrowers
Even if a borrower defaults, based on the efficiency and effectiveness of collecting and other factors, we may not exercise all of our legal rights as a creditor against the borrower.

In addition, if we determine that it is reasonable, we may forgive debt or provide additional loans or equity capital to support borrowers. If such support is provided, our outstanding loans would increase significantly, our credit costs may increase and the stock price of the additional equity purchased may decline.

(5) Difficulty in exercising our rights with respect to collateral
Because of the illiquidity and decreases in prices in the real estate market and the decreases in prices of securities, we may not be able to monetize the real estate and securities that we hold as collateral or enforce our rights on these assets as a practical matter.

(6) Other factors that can affect our problem loan issues

If interest rates rise in the future, the resulting decrease in the price of the bonds we hold, including Japanese government bonds, change in our credit spread or increase in problem loans from borrowers that cannot bear the increase in interest payments may adversely affect our financial condition and results of operations.

Significant fluctuations in foreign exchange rates could result in increases in costs, decreases in sales, impairment losses on foreign exchange derivatives (such as currency options) and other adverse financial consequences affecting our borrowers results of operations, as well as borrowers losing financial resources to settle such derivative transactions. In such case, our problem loans could increase, which increase could adversely affect our financial condition and results of operations.

If our problem loans increase, mainly from borrowers facing increases in costs, including purchasing and exporting costs due to increases in raw material prices like oil and steel, who cannot add these additional costs to their final sales price, this may adversely affect our financial condition and results of operations.

Declining asset quality and other financial problems may still continue to exist at some domestic financial institutions, including banks, non-bank lending and credit institutions, securities companies and insurance companies, and these problems may worsen or these problems may arise again as new issues. If the financial difficulties of these domestic financial institutions continue, worsen or arise, this may lead to liquidity and solvency problems for them and may adversely affect us for the following reasons:

- financial institutions that face problems may terminate or reduce financial support to borrowers. As a result, it may cause these borrowers to become distressed or our problem loans to these borrowers to increase;
- we may be requested to participate in providing support to distressed financial institutions;
- we are shareholders of some financial institutions;