

February 22, 2010

To Whom It May Concern

**Notice Regarding Response to Tender Offer from
the Credit Organization for Small and Medium-Sized Enterprises Co., Ltd.**

In response to the public tender offer (hereinafter the “Tender Offer”) being made by IFS Partners Fund I Investment Business Partnership (Managing partner: Investment Firm Organization for Small and Medium-Sized Enterprises Co., Ltd.), NIS GROUP CO., LTD. announces that it has decided to tender all of the shares it holds in Credit Organization for Small and Medium-Sized Enterprises Co., Ltd., an affiliate accounted for under the equity method listed on the JASDAQ Securities Exchange (Code: 8489), as noted below.

1. Reason for Tendering Shares under the Tender Offer

In November of 2005, the Company acquired shares of Credit Organization for Small and Medium-Sized Enterprises Co., Ltd., and since then has worked to promote the expansion of business synergies with said firm, which offers financial services to businesses, primarily based in the Kyushu region. However, given the recent dramatic changes in the business environment, the Company has begun shifting its business focus away from its traditional loan business and toward investment banking, trade support services, and overseas operations, making it difficult to achieve said synergies. As part of its efforts to transform its business structure, and improve its finances through a reduction in assets, the Company has thus decided to sell off its holdings in said company.

2. Overview of the Credit Organization for Small and Medium-Sized Enterprises Co., Ltd.

(1) Name	Credit Organization for Small and Medium-Sized Enterprises Co., Ltd.
(2) Location	1-10-7 Ryogoku, Sumida-ku, Tokyo
(3) Name/Title of Representative	Masashi Kamimura, President and Representative Director of the Board
(4) Type of Business	Guarantee Services, Commercial Bill Discounting, Loan Business
(5) Capitalization	1,126 million yen (as of the end of November, 2009)
(6) Establishment	March, 1974
(7) Major Shareholders and Percentage of Holding (as of the end of August, 2009)	NIS Group Co., Ltd. (38.9%) Small and Medium-Sized Enterprises Guarantee Co., Ltd. (25.0%) Small and Medium-Sized Enterprises Personnel Co., Ltd. (20.0%) Incubator Bank of Japan, Ltd. (4.4%) Masao Hatada (0.9%)
(8) Net Assets	780 million yen (as of the end of November, 2009)
(9) Total Assets	8,687 million yen (as of the end of November, 2009)

*Note: On December 29, 2009, Credit Organization of Small and Medium-Sized Enterprises Co., Ltd. implemented a capital increase through a third party allocation to Nisshin Servicer Co., Ltd. totaling 2,307,600 shares (12.8% of total shares outstanding), however the shares issued through this third party allocation have not been taken into consideration in calculating the major shareholders and the percentage of stock they hold.

(10) Most Recent Fiscal Year Business Performance

(In millions, except per share data)

	FY Ended March, 2008	FY Ended August, 2008	FY Ended August, 2009
Net Assets Per Share (in yen)	35.13	14.77	44.96
Operating Revenues	2,041	495	1,538
Operating Income	(744)	(189)	401
Ordinary Income	(738)	(183)	423
Net Income	(1,187)	(312)	421
Net Income Per Share (in yen)	(200.46)	(20.31)	27.40
Dividend Per Share (in yen)	—	—	—

*Note: The balance sheet date was changed from March 31 to August 31 per resolution of the Extraordinary Shareholders' Meeting held on August 26, 2008.

3. Overview of the Tender Offerer

- (1) Name: IFS Partners Fund I Investment Business Partnership
- (2) Location: Shin-Ogimachi Bldg., 1-3 Kamiyama-cho, Kita-ku, Osaka-shi, Osaka
- (3) Representative: Investment Firm Organization for Small and Medium-Sized Enterprises, Managing Partner
Akihiro Kurosawa, President and Representative Director
- (4) Type of Business: Investment Business

4. Overview of Response to Tender Offer

- (1) Number of Shares Held Prior to Tender: 6,126,000 shares (38.9%)
- (2) Number of Shares to be Tendered: 6,126,000 shares (38.9%)
- (3) Number of Shares Held Following Tender: 0 shares (0.0%)

* Number of shares to be tendered and number of shares held following tender assume that all shares held by the Company and being tendered under the Tender Offer will be settled.

* On December 29, 2009, Credit Organization of Small and Medium-Sized Enterprises Co., Ltd. implemented a capital increase through a third party allocation to Nisshin Servicer Co., Ltd. totaling 2,307,600 shares (12.8% of total shares outstanding), however the shares issued through this third party allocation have not been taken into consideration in calculating the percentage of shares held.

5. Schedule Going Forward

Notification Date of Commencement of Tender Offer: February 23, 2010 (Tuesday)

Tender Offer Closing Date: March 23, 2010 (Tuesday)

Commencement Date for Settlement of Tender Offer: March 30, 2010 (Tuesday)

6. Effect on Business Performance

While special gains are expected to be incurred through the tender of shares under the Tender Offer and subsequent settlement, because the amount of any such special gains resulting from the Tender Offer may fluctuate, notification will be made once the actual amount is determined.

In addition, as a result of this Tender Offer and settlement, Credit Organization for Small and Medium-Sized Enterprises Co., Ltd. is expected to be excluded from the application of the equity method.

Special Note Regarding Forward-Looking Statements

These materials contain forward-looking statements about our industry, our business, our plans and objectives, our financial condition and our results of operations that are based on our current expectations, assumptions, estimates and projections. These forward-looking statements are subject to various risks and uncertainties. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause our actual results to differ materially from and be worse than those contained in or suggested by any forward-looking statement. We cannot promise that our expectations, projections, anticipated results, estimates or other information expressed in or underlying these forward-looking statements will turn out to be correct. Important risks and factors that could cause our actual results to differ materially from these forward-looking statements include without limitation the following: weak domestic economic conditions; the growing variety of legal means with which debtors can seek protection from creditors; changes to our portfolio of products and services and expansion into new business areas; the effect of fluctuations in the value of real estate held or securing loans; fluctuation in market environments regarding our investments; our ability to pursue and maintain profitable strategic alliances, joint ventures and strategic investments; any future inability to obtain funds from lenders or access the debt capital markets on favorable terms; an increase in prevailing market interest rates; failure to implement our business strategies; the failure of our risk management systems; our ability to adequately evaluate or control risks associated with loans or guarantees we make or related collateral; any disruption or other difficulties experienced by our information or technological systems and networks; misconduct by an employee or director and our exposure to negative publicity of the consumer or business finance industries; failure to maintain the confidentiality of personal information of our customers; and the influence of our vice-chairman and his family over important decisions.