

**To whom it may concern**

January 27, 2009

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NIS GROUP CO., LTD.

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URL: <http://www.nisgroup.jp/english>**Notice Regarding Change in Subsidiary**

NIS GROUP CO., LTD. (the “Company”) hereby announces that at a meeting of the Board of Directors held today, a resolution was passed approving the partial transfer of the shares of NIS Lease Co., Ltd. (“NIS Lease”), its consolidated subsidiary, to Chusho-Kigyo Shinpan Kiko Co., Ltd. and Chusho-Kigyo Inshoku Kiko Co., Ltd.(collectively referred to as the “Acquirers”). As a result, NIS Lease will be removed from the Company’s consolidated subsidiaries and will become an affiliate accounted for under the equity method as described below.

1. Reason for the Change

As reported in the Condensed Statements of Financial Results for the Six Months Ended September 30, 2008, dated November 12, 2008, the Company has been implementing a rehabilitation plan to resolve financing difficulties stemming from the recent financial crisis. This share transfer is executed, as part of such rehabilitation plan.

As a result of this share transfer, the Company’s share of voting rights in NIS Lease will fall from 100.00% to 39.00%, and therefore it is expected that NIS Lease will be removed from the Company’s consolidated subsidiaries and will become an affiliate accounted for under the equity method.

2. Outline of NIS Lease

- 1) Name: NIS Lease Co., Ltd.
- 2) Representative: Toshioki Otani
- 3) Location: 1-6-1 Nishi Shinjuku, Shinjuku-ku, Tokyo
- 4) Establishment: November 10, 2003
- 5) Business: Integrated Leasing business etc.
- 6) Fiscal year end: March 31
- 7) Employees: 37
- 8) Capital amount: 2.050 billion yen
- 9) Major Shareholder: NIS Group Co., Ltd. (100.00%)
- 10) Results for most recent fiscal year (For the Six Months Ended September 30, 2008)

| | |
|-------------------------|--------------------|
| Operating revenues | 2,910,309,000 yen |
| Operating income (loss) | (373,375,000yen) |
| Ordinary income (loss) | (392,347,000yen) |
| Net income (loss) | (1,265,755,000yen) |
| Total Assets | 8,733,456,000 yen |
| Net Assets | (200,971,000 yen) |

3. Outline of the partial transfer of NIS Lease's share

- 1) Number of Shares to be Transferred: 49,410 (61.00% of total shares outstanding)
- 2) Outline of Acquirers & Shares to be transferred

| | |
|-------------------------------------|---|
| Chusho-Kigyo Shinpan Kiko Co., Ltd. | 25,110 (31.00% of total shares outstanding) |
| Chusho-Kigyo Inshoku Kiko Co., Ltd. | 24,330 (30.00% of total shares outstanding) |
- 3) Transfer price: 2,303yen per share
- 4) Schedule

| | |
|------------------|---|
| January 27, 2008 | A resolution adopted by the Board of Directors at a meeting |
| | Share transfer contract closing (planned) |
| January 28, 2008 | Share transfer approval (planned) |

4. Outline of Acquirers

1) Chusho-Kigyo Shinpan Kiko Co., Ltd.

- ① Name: Chusho-Kigyo Shinpan Kiko Co., Ltd.
- ② Representative: President & Representative Director
Harasawa Akihisa
- ③ Location: 1-3-7 Iidabashi, Chiyoda-ku, Tokyo
- ④ Business: Installment sales business for SMEs and consumers
- ⑤ Capital amount: 10,00,000 yen

2) Chusho-Kigyo Inshoku Kiko Co., Ltd.

- ① Name: Chusho-Kigyo Inshoku Kiko Co., Ltd.
- ② Representative: President & Representative Director
Maeda Kyosuke
- ③ Location: 1-3-7 Iidabashi, Chiyoda-ku, Tokyo
- ④ Business: Support business for restaurants
- ⑤ Capital amount: 10,00,000 yen

5. Future Projections

The Company expects that the effects of the share transfer on the Company's consolidated performance for the current fiscal year will be minor.

Special Note Regarding Forward-Looking Statements

These materials contain forward-looking statements about our industry, business, plans and objectives, financial condition and 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; increasing competition in the loan servicing market; risks associated with doing business in China; 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.