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Correction: Fitch Downgrades One Nissin Special Servicer Rating; Placed on Rating Watch

Negative Ratings
 27 Dec 2007 9:35 PM (EST)

Fitch Ratings-Tokyo/Singapore-28 December 2007: This is a correction for an earlier release. It removes Fitch's affirmation of the company's commercial mortgage special servicer rating in the beginning paragraph of the release. The corrected text follows:

Fitch Ratings has today downgraded Nissin Servicer Co., Ltd.'s (NSC) asset-backed special servicer rating to 'ABSS3+(JPN)' from 'ABSS2-(JPN)' (ABSS2 minus(JPN) and placed it on Rating Watch Negative (RWN). At the same time, the agency has placed NSC's commercial mortgage special servicer rating on RWN.

Fitch recently completed its operational review, which confirms that NSC's servicing operations continue to perform at a level consistent with the prior year, with continued strength of its experienced management and collection staff and its enhanced risk management framework. However, the rating actions also reflect the impact on NSC's servicing platform of the financial deterioration of its parent, NIS Group Co., Ltd. (NISG) due to creditors' concern over the financial stability of NISG. NISG is a large non-bank finance company concentrating on the business of providing credit to small- and medium-sized corporations. NSC is a 74%-owned subsidiary of NISG.

A company's financial condition is an important component of Fitch's servicer rating analysis. The RWN indicates that further downgrades are possible, depending on the outcome of proposed TPG transactions (as defined below), and the resultant impact on the financial condition of NSC's servicing platform. NISG has entered into agreements with TPG, a US private equity investment firm, under which TPG has agreed to infuse, in total, JPY30 billion or more (or its equivalent) into NISG and its subsidiaries ("TPG transactions"). The completion of TPG transactions is subject to the super, majority-affirmative vote of NISG's shareholders at the extraordinary shareholders meeting planned in February 2008. Earlier in December, NISG announced that it had received financing from TPG, by means of a bridge loan totalling JPY10bn, which matures in six months.

NSC is a licensed servicer handling both unsecured and secured loan receivables. NSC is listed on the MOTHERS section of Tokyo Stock Exchange. Cumulatively, since its inception to end-March 2007, NSC has serviced more than 66,000 loan receivables with an aggregate unpaid principal balance of approximately JPY3,985bn.

Fitch rates primary, special and master servicers in Japan on a scale of one through five, with one being the highest rating. In addition, Fitch may attach a plus (+) or minus (-) sign to the rating, indicating a relative position within each rating category. "JPN" appears in the Japanese ratings to reflect their relevance in Japan's legal, economic and social context. For further details, please refer to the report titled 'Rating Japanese Servicers', dated 11 July 2007 available on Fitch's websites at 'www.fitchratings.com' in English and 'www.fitchratings.co.jp' in Japanese.

The updated report on NSC, in both English and Japanese, will be available shortly on Fitch's websites, or through Fitch Market Services at 1 800 853 4824 in New York, or Fitch's Tokyo office at +81 3 3288 2628.

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