

FitchRatings

Rating Action Commentary

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Fitch Ratings Affirms ACAS Business Loan Trust 2003-2

Fitch Ratings-New York-April 28, 2005: Fitch Ratings affirms three classes of notes issued by ACAS Business Loan Trust 2003-2, (ACAS 2003-2). The following rating actions are effective immediately:

--\$96,202,696 class A notes 'AAA';

--\$39,692,000 class B notes 'AA';

--\$19,846,000 class C notes 'A+'.

ACAS Business Loan Trust 2003-2 is a collateral loan obligation (CLO) that closed on Dec. 19, 2003. The servicer is American Capital Strategies (Nasdaq: ACAS), based in Bethesda, Maryland. The rated liabilities are supported by the cash flows of a static portfolio of high-yield loans to middle market U.S. businesses, a majority of which are privately owned. The loans were made for the purpose of working capital, growth, acquisitions, and recapitalizations. The loan obligors operate in several industries including industrial and consumer manufacturing, transportation and services. A majority of the loans are subordinate loans, with the remaining balance divided between senior unsecured and senior secured obligations.

Included in this review, Fitch discussed the current state of the portfolio with the asset manager and their portfolio management strategy going forward. In addition, Fitch conducted cash flow modeling utilizing various default timing and interest rate scenarios to measure the breakeven default rates going forward relative to the minimum cumulative default rates required for the rated liabilities. The portfolio is a static pool, with no discretionary trading. Substitution is limited to defined circumstances not to exceed 20% of the original portfolio balance. To date, there

has been one loans substituted out of the trust equaling 4.05% of the original portfolio.

As of the March 20, 2005 servicer report, the class A note received \$11 million in principal distributions. This payment leaves 37.3% of the original note remaining. In total, 40.8% of the capital structure has been redeemed leaving \$235.1 million in collateral to cover \$195.4 million in rated notes. There has been a small change in the weighted average rating of the portfolio investments that is primarily due to improved performance of the obligors. Fitch's view of the overall credit quality of the portfolio investments remains consistent with that at the closing of the transaction.

The rating of the class A notes addresses the likelihood that investors will receive full and timely payments of interest, as per the governing documents, as well as the stated balance of principal by the legal final maturity date. The ratings of the class B and class C notes address the likelihood that investors will receive ultimate and compensating interest payments, as per the governing documents, as well as the stated balance of principal by the legal final maturity date.

The deal has performed within expectations with stable performance of the collateral, improved subordination and significant excess spread. As a result Fitch affirms all classes of notes.

Fitch will continue to monitor and review this transaction for future rating adjustments. Additional deal information and historical data are available on the Fitch Ratings web site at 'www.fitchratings.com'. For more information on the Fitch VECTOR Model, see 'Global Rating Criteria for Collateralised Debt Obligations,' dated Sept. 13, 2004, also available at 'www.fitchratings.com'.

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