

FitchRatings

Ratings Action Commentary

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Fitch Affirms 4 Classes of ACAS Business Loan Trust 2004-1, Ltd.

Fitch Ratings-New York-December 6, 2005: Fitch Ratings affirms four classes of notes issued by ACAS Business Loan Trust 2004-1, Ltd. (ACAS 2004-1). These affirmations are the result of Fitch's review process and are effective immediately:

--\$302,271,976 class A notes affirmed at 'AAA';

--\$33,750,000 class B notes affirmed at 'AA';

--\$73,750,000 class C notes affirmed at 'A';

--\$50,000,000 class D notes affirmed at 'BBB'.

ACAS Business Loan Trust 2004-1 is a collateral loan obligation (CLO) that closed on Dec. 2, 2004. 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.

These affirmations are the result of both the stable performance of the collateral and the fact that the transaction is still in its replenishment period, ending January 2007. Since close, the weighted average credit quality of the loans has experienced some improvement. In addition, substitution is limited to defined circumstances not to exceed 20% of the original portfolio balance and there have been no substitutions as of the Oct. 24, 2005 trustee report.

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 rating of the class D notes addresses the likelihood that investors will receive their stated balance of principal by the legal final maturity date.

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, available on Fitch's web site.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

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