

FitchRatings

Ratings Action Commentary

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Fitch Upgrades 3 Classes of ACAS Business Loan Trust 2003-2

Fitch Ratings-New York–December 6, 2005: Fitch Ratings upgrades three classes of notes issued by ACAS Business Loan Trust 2003-2 (ACAS 2003-2). The following rating actions are effective immediately:

--\$28,496,391 class B notes upgraded to ‘AAA’ from ‘AA’;

--\$19,846,000 class C notes upgraded to ‘AA’ from ‘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. There is no discretionary trading and substitution is limited to defined circumstances not to exceed 20% of the original portfolio balance.

The upgrades reflect the increase in credit enhancement resulting from deleveraging, as well as stable collateral performance. As of the Nov. 20, 2005 servicer report, the class A note has been paid in full and the class B note has received \$11.2 million or 28.21% of the original balance. In total, 67.8% of the capital structure has been redeemed leaving \$127.7 million in collateral to cover \$88.0 million in rated notes. To date, there has been one loan substituted out of the trust equaling 4.1% of the original portfolio.

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.

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.

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