FitchRatings
Ratings Action Commentary

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Fitch Ratings Upgrades 1 Class of ACAS Business Loan Trust 2002-2

Fitch Ratings-New York-December 6, 2005: Fitch Ratings upgrades one class of notes issued by ACAS Business Loan Trust 2002-2 (ACAS 2002-2). The following rating action is effective immediately:

--$5,521,177 class B notes upgraded to 'AAA' from 'AA+'.

ACAS Business Loan Trust 2002-2 is a collateralized loan obligation (CLO) that closed on Aug. 8, 2002. 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.

This upgrade reflects the increase in credit enhancement resulting from deleveraging. As of the Nov. 20, 2005 servicer report, the class A note has paid in full and the class B note received $47.1 million in principal distributions with 10.5% of the note remaining. In total, 72.4% of the capital structure has been redeemed leaving $58.1 million in collateral to cover $5.5 million in rated notes. One asset defaulted since the last review resulting in an additional principal amount payment of $8 million, the par value of the loan. To date, there have been three loans substituted out of the trust equaling 7.7% of the original portfolio.

The rating of the class B 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.

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 at ‘www.fitchratings.com’.)

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