

CenterOne Financial Services

US Securitization Research

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Originator and Servicer Review

CenterOne Financial Services LLC (CenterOne) provides third-party auto finance contract servicing functions, including originations, loan and lease account management, collections, pro-active end-of-term remarketing, vehicle remarketing, back-up servicing, and training. In addition, the company services a portfolio of retail automobile loans, leases, and dealer floorplan receivables originated by its affiliates, World Omni Financial Corp (WOFC) and Southeast Toyota Finance (SETF), as well as the collateral pools backing WOFC's various securitizations. CenterOne's vast experience in automotive finance with WOFC/SETF uniquely positions the company to devise effective strategies for third-party clients. The flexibility and customization it offers its clients also leads to benefits for securitization investors in the form of increased efficiencies and improved collateral performance.

We recently completed an on-site visit to CenterOne Financial Services' Deerfield Beach, Florida, headquarters and the company's Mobile, Alabama, service center. The company maintains strong contract origination and underwriting policies and procedures, with an emphasis on credit scoring and predicting expected loss. Its collections philosophy is focused not only on minimizing delinquencies, but also charge-offs and losses. However, in the event an account is charged off and the vehicle repossessed, CenterOne's remarketing effort is structured to maximize sale proceeds while minimizing expenses and reducing the length of the sales cycle. The company effectively uses technology throughout its business model to improve efficiencies and performance.

WOFC has a long history as an issuer of auto loan, auto lease, and dealer floorplan ABS; the company has offered eleven retail auto loan, one retail auto lease, and three dealer floorplan ABS transactions since 2000, typically bringing one or two deals a year. Of those, six loan deals remain outstanding. World Omni's retail auto loan securitization transactions have demonstrated strong collateral performance through economic cycles, providing evidence of the company's strong servicing capabilities and consistent underwriting discipline. We recommend investors buy WOFC securitizations for their strong collateral performance driven by the strength of CenterOne as Servicer.

Corporate Background

CenterOne is part of JM Family Enterprises, a recognized leader in the automotive industry

CenterOne was founded in 2000 as a division of WOFC, a wholly owned subsidiary of JM Family Enterprises, Inc. (JM Family), a private, diversified automotive corporation headquartered in Deerfield Beach, Florida, and founded in 1968. The company is a recognized leader in the automotive industry and is ranked by *Forbes* as the 18th-largest privately held company in the US, with annual revenues in excess of \$9bn.

Primary operating subsidiaries include JM Service Center (JMSC), Southeast Toyota Distributors, LLC (SET), JM&A Group of companies, JM Lexus, JMsolutions, and WOFC. JMSC, established in 2003, was created as an internal shared services center to improve JM Family's competitive position by leveraging key services that deliver business solutions and enhance customer value. SET, founded in 1968, is the world's largest independent distributor of Toyota cars, trucks, and vans and has exclusive Toyota distribution rights in Alabama, Florida, Georgia, North Carolina, and South Carolina. JM&A Group, founded in 1979, provides automotive dealerships and retail automotive outlets with a variety of products such as new and used vehicle protection plans, used vehicle certification programs, prepaid maintenance plans, GAP protection, F&I training for sales, service departments and used car operations, and consulting services. Located in Margate, Florida, JM Lexus is the largest volume Lexus dealership in the world. Founded in 2005, JMsolutions acquires, creates, and markets innovative technology products and services to automotive dealers.

WOFC, founded in 1981, is a diversified financial services company providing a broad range of financial products and services to consumers, dealers, and lenders. Its primary businesses include CenterOne and SETF, offering automotive financial products and services to SET dealerships; DataScan Technologies, a global leader in wholesale floorplan accounting and risk management systems and services; DataScan Field Services, the largest floorplan audit and vehicle inspection company in the industry; and Monetrics, a leader in automated risk decisioning software and services.

The company services auto finance assets for WOFC/SETF as well as for third-party clients

CenterOne's third-party servicing solutions include originations, loan and lease account management, collections, pro-active lease-end management and remarketing, vehicle remarketing, back-up servicing and training. The company offers third-party clients the option of full servicing (ie, originations through vehicle remarketing and deficiency collections) or an à la carte selection of individual servicing functions/aspects. The company services an aggregate portfolio of approximately \$10bn, consisting of about 700,000 accounts; WOFC/SETF assets comprise 49% of the portfolio and third-party assets 51%. Approximately 25% of total assets serviced are sub-prime. Clients consist of numerous retail banks, finance companies, investment banks, captive finance companies, and credit unions. CenterOne employs over 850 associates in a servicing capacity and maintains excess capacity for over \$2bn in additional outstandings, which is expandable based on telecommuting abilities and a relationship with a call center based in India.

In 2004, in recognition of the company's servicing prowess, CenterOne was the first retail auto loan and lease servicer to earn the highest S&P servicer rating of "Strong," a rating the company maintains today.

Origination and Underwriting

CenterOne's underwriting focuses on a borrower's ability and willingness to pay

Origination and underwriting standards are key determinants of auto securitization collateral performance. CenterOne's front-end risk management focuses on origination models and predicting expected loss based on a comprehensive analysis of static pool performance data. Clients provide specific origination policies and procedures for the company to follow. In some instances, it originates retail loan contracts directly with consumers in connection with financing the purchase of an off-lease vehicle. Regardless of origination channel, in general, CenterOne's underwriting guidelines emphasize the applicant's creditworthiness and ability to make timely payments.

To increase efficiency, automation is used extensively throughout the origination process

Applications are received either electronically through DealerTrack or via facsimile, and the enclosed data are transferred to a loan origination system that automatically relays the data to a customized decision engine (a product of Monetricks, Inc.). The Monetricks decisioning software uses customized profiles to evaluate each application. The decision engine uses raw credit bureau data, credit bureau scores, proprietary scores, deal characteristics, and other available variables; over 100 are available. The output is an auto approval, recommended approval, automated decline, recommended decline, or no decision. Recommended approvals and declines, as well as no decisions, are sent to a credit analyst with information about the deal and a system generated risk score for further review. Currently, WOFC/SETF automatically decisions approximately 58% of its applications, with 50% being approved and 8% declined.

Decision and performance data are reviewed regularly by CenterOne and clients to determine what adjustments should be made. The engine has a what-if optimizer module that is used to test challenger strategies before implementation. It also has a pricing module that allows for risk-based pricing in all or selected application tiers.

WOFC/SETF uses a proprietary score developed by Fair Isaacs and Co. (FICO) as one of the variables in its decision engine profiles. It also creates separate profiles based on length and depth of credit file, type of financing requested, collateral type as well as other variables. CenterOne third-party clients can provide proprietary scorecards as part of their decision profiles or use FICO and other risk variables. CenterOne risk managers work directly with client and Monetricks risk managers to determine the appropriate decision profile set-up. Automation levels are driven by the strategy of the client and quality of the application pool.

Account Management, Servicing, and Collections

Three operations centers allow for workload balancing by shifting capacity among the centers as needed

Consistent account servicing and effective collection policies and procedures drive delinquency performance and, importantly, frequency of loss. CenterOne maintains mirrored operations centers in Mobile, Alabama; Minneapolis, Minnesota; and St. Louis, Missouri, allowing it to apply consistent policies and procedures across them. CenterOne's account management functions include customer service, dealer reserve, title and insurance follow-up (lease contracts only), payment processing, lease/operational/financial accounting, property tax handling, thru-bill processing, and investor reporting. As with other areas of CenterOne's operations, the account management function is highly automated. For example, automatic call distribution and voice recognition/response systems are used to direct incoming calls and offer an automated options menu, increasing efficiency. In addition, the company does not rely on coupon books, but rather generates monthly statements automatically and mails them to obligors, providing a timely reminder that payment is due. Statements are also used as a communications vehicle to provide messaging, ads, and coupons.

CenterOne's collection department is organized by stage of delinquency

CenterOne has 220 collectors, with 40-45% focusing on early-stage, front-end delinquencies and the remainder on back end. CenterOne has an intensive new hire training program for its collections staff, including a dedicated collections division trainer. A three-week course on collections is followed by ongoing weekly group and individual training, as well as shadowing by more experienced collectors. New hires in the collections group begin on the automated dialer working on early stage delinquencies to gain experience and may later move on to more high-risk delinquent accounts. Collections associates working on the early-stage delinquencies have an average of approximately 28 months of experience, while later-stage collectors have about 49 months. All of CenterOne's collection personnel must become certified to earn incentive compensation, and the firm establishes performance benchmarks whereby associates receive progressive pay based on the number of accounts they bring current and the collection activities they have performed.

Collection Philosophy

The company believes that three components are necessary for collections success: strong analytical capabilities, a well-planned strategy, and efficient execution. CenterOne has made a significant investment in technology to develop the necessary tools to analyze borrower behavior and understand the risk characteristics of a portfolio. The company works closely with third-party clients to analyze their portfolios and develop the most effective collections strategy (eg, timing and frequency of letter generation and calling campaigns) based on the risk characteristics (type of receivables, credit bureau/origination/behavioral scores, deal structure, etc.) of the portfolio in question.

Behavioral scoring is an effective collection tool...

The cost of updating FICO scores for a serviced portfolio is prohibitively high relative to rescoring the portfolio on a behavioral basis (ie, collections scoring). As such, CenterOne typically applies some type of collection or behavioral scoring to the portfolios the company services. CenterOne periodically validates its scoring model by tracking collateral performance for the various score buckets. Similar to the experience with credit (ie, FICO scores), late-stage delinquencies rise exponentially for lower behavioral score buckets.

...and leads to improved collection efficiencies

CenterOne's investment in collections scoring technology has provided clients with several benefits. Prioritization of account activity based on risk level provides for efficiency and improved customer service on low risk accounts through reductions in ultimately unnecessary collection contacts. CenterOne is able more effectively to allocate available collection resources toward higher impact collection activities with the ultimate goal of lower late-stage delinquencies, charge-offs, and repossessions. In addition, collection scoring provides the ability to conduct champion/challenger testing of different collection strategies on a client's portfolio (see Champion/Challenger Analysis on page 5).

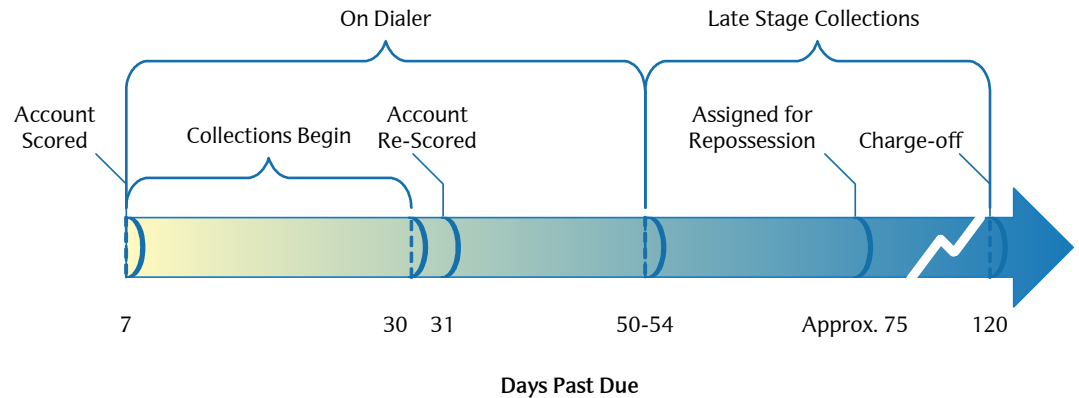
CenterOne's collection efforts focus on minimizing delinquencies as well as charge-offs and losses

In general, CenterOne employs a tailored collection strategy for its clients based on risk tiering. The emphasis is placed on identifying the most at-risk accounts (eg, those with negative equity and low collection scores) and dedicating available collection resources to bring the accounts current and/or minimize the severity of default. The company's collection philosophy emphasizes minimizing charge-offs and losses rather than just delinquencies, which sometimes dictates working on a late stage delinquent account for a longer period, trying to resolve the problem, rather than charging the account off at a predefined number of days past due.

Figure 1 details a typical collections cycle based on number of days an account is past due. Generally, the collection process is initiated at seven days past due, at which point the account is behaviorally scored and assigned to a risk group that determines the strategy for

that account. The scoring process attempts to identify high-risk accounts early on and focus collection efforts and resources on them. Depending on the risk tier of a delinquent account, CenterOne will determine the timing of the first collection contact, the best communication channel (ie, letter or phone), and the periodicity of ongoing collection calls.

Figure 1: Delinquency Timeline - Prime Accounts



Source: Company reports, Barclays Capital.

Initial contact with a delinquent borrower is typically made between 8 and 30 days past due, with higher-risk accounts contacted earlier in the cycle. This early stage collection process is enhanced by the use of a predictive automated dialing system. In addition, for overflow purposes and benchmarking, the company outsources approximately 20% of its low-risk early stage dialer activity to an offshore facility in India. Delinquent accounts remain on the dialer through the mid-range delinquency stage, or until about 50-54 days past due, at which time the accounts are transferred to the late stage or back-end collections group for more intense collection efforts. Strategies are customized for each client portfolio.

Repossession is determined on a case-by-case basis

If the account cannot be brought current, the decision to repossess the underlying vehicle is considered at about 70-75 days past due on a case-by-case basis. The company prefers not to pull the repossession trigger too quickly, especially if a collector can work out arrangements with the obligor for additional payments. Accounts are generally charged off at 120 days past due, or once a repossession decision is approved. CenterOne will pursue any deficiency balances that remain after the sale of a repossessed vehicle or, if such deficiency remains uncollected for six months, will contract with an independent collection agency.

Champion/Challenger Analysis

Because CenterOne services assets for its affiliates (WOFC/SETF), as well as client portfolios, the company is uniquely positioned to provide consultative solutions to third-party portfolio servicing clients. It will project expected losses on the client's portfolio and recommend a servicing strategy based on its proprietary and/or client provided risk scorecards. It can then offer a champion/challenger type analysis, whereby the analytical team assesses the risk characteristics of a client's portfolio and suggests testing certain servicing and collection strategies on a portion of that portfolio. The collection strategies implied for this analysis typically have previously benefited WOFC/SETF assets. CenterOne and the client then review the challenger program performance for improvements in losses and servicing efficiencies and roll the new strategy out to the client's full portfolio if the strategy proves successful.

Performance of Serviced Portfolio for WOFC/SET

The efficacy of CenterOne's underwriting, servicing, and collections efforts can be measured by the delinquency, repossession, and loss performance for the WOFC/SETF portfolio serviced by CenterOne. On a portfolio basis, as of June 30, 2006, the dollar amount of 30+ day delinquencies was 1.21%, down from 1.63%, 1.41%, and 1.36% at year-end 2005, 2004, and 2003, respectively. Annualized net charge-offs for the six months ended June 30, 2006 amounted to 0.67%, compared with 0.65%, 0.78%, and 0.84% at December 31, 2005, 2004, and 2003, respectively.

Remarketing

Vehicle remarketing is another core competency for CenterOne

Notwithstanding CenterOne's solid underwriting and servicing abilities, repossessions will happen. When they do, the company's remarketing department takes the field. The end results of these efforts have a direct effect on the severity of loss for a securitized pool of auto receivables. Vehicle remarketing is one of CenterOne's core areas of expertise, having remarketed over 500,000 titled assets (auto lease terminations, repossessions, rental fleets, boats, RVs, and power sports) for third-party clients and its own portfolio since 1999. In 2006, the firm remarketed over 65,000 vehicles.

There are three occasions when a vehicle must be remarketed: end of lease turn-ins, vehicle returns in satisfaction of balloon loan amounts due, and vehicle repossession. In the first two instances, proactive remarketing processes can be applied. Proactive remarketing is defined as the sale of a leased or balloon financed vehicle to the lessee or balloon note holder in an effort to mitigate residual losses. However, sales of repossessed vehicles cannot be planned for, and remarketing of such vehicles occurs predominantly through auctions. Nevertheless, much of the full-term lease and balloon loan remarketing procedures employed by CenterOne can be applied to repossessions to maximize vehicle recovery proceeds.

In general, the goal of CenterOne's remarketing program is to maximize vehicle sale proceeds while minimizing expenses and reducing the length of the sales cycle. The remarketing process is successful when the greatest residual value is extracted from the vehicles to cover the outstanding loan or lease amount and, as such, is also an important aspect of a securitization's collateral pool performance. Remarketing strategies vary by client, and CenterOne works with third-party clients to devise the most effective remarketing strategy to meet the customer's needs and objectives.

Systems Automation

The vehicle remarketing process is automated via CenterOne's proprietary Vehicle Remarketing Management System (VRMS). It tracks a vehicle through all stages of the process and contains substantial information on each vehicle in the remarketing pipeline, including captioned photos and inspection reports. To derive the vehicle's value, the company uses automatic data feeds from Black Book (on a weekly basis) and Manheim Market Report (on a daily basis). The Manheim data feed captures the value of every vehicle sold at a Manheim auction over the past four weeks. A system of adjustments (for vehicle color, mileage, equipment, and condition) developed by CenterOne's remarketing strategy group and based on feedback from the company's field representatives is also applied to bring the vehicle price closer to actual market value.

Remarketing Channels and Processes

Remarketing begins with vehicle inspection

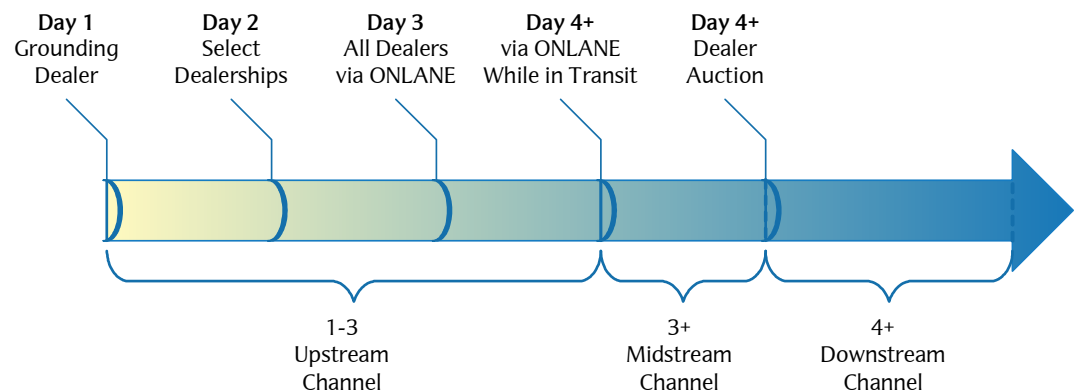
CenterOne uses three main remarketing sales channels: upstream (dealer network); mid-stream (the internet, while the vehicle is being transported to auction); and downstream (physical and cyber auctions). Generally, the remarketing process begins with a vehicle inspection 60 days prior to lease or balloon loan maturity or, in some instances, upon repossession. Third-party inspections are provided by DataScan Field Services, an affiliate of WOFC, and approximately 65-70% of remarketing vehicles undergo a complete inspection. The results of the inspection are uploaded to VRMS and used to assist in vehicle valuation throughout the remarketing process.

Upstream remarketing seeks quick sale of the vehicle

In the initial, or upstream, stage of the remarketing process, CenterOne focuses on selling the vehicle to the dealership where it is located, or grounded, through the company's proprietary, automated Direct Sales Management (DSM) system. This provides vehicle pricing and inventory tracking of all remarketing vehicles for easy dealer reference. Selling the vehicle to the grounding dealer is the most efficient remarketing channel since it significantly reduces the sales cycle and minimizes the cost of carry, transportation and reconditioning fees, and vehicle depreciation.

The direct-to-dealer channel also provides for a phased approach that can be tailored to the client's specific needs. For example, WOFC/SETF vehicles are exclusively remarketed to the grounding dealer on the first day. The next day, the vehicle becomes available to a select group of SET dealers via CenterOne's ONLANE system, an internet-based remarketing network that contains all the information captured by VRMS. If a vehicle remains unsold after three days, the ONLANE system opens it for bidding to all participating dealers

Figure 2: Sample Vehicle Remarketing Timeline



Source: Company reports, Barclays Capital.

Mid-stream remarketing occurs during vehicle transport to auction

Vehicles unsold through the direct-to-dealer upstream channel are transported to one of several physical auction sites. During this mid-stream remarketing period, while the vehicle is in transit to a physical auction site, it remains in the ONLANE system to maximize the time the vehicle is in front of prospective buyers and to minimize the sales cycle, fees, and vehicle depreciation.

Downstream remarketing involves physical and cyber auctions

If the vehicle remains unsold when it reaches a physical auction, the downstream marketing process commences. CenterOne has long-standing expertise using wholesale auctions as its downstream channel, tapping over 30 auctions on a monthly basis. The company has a team of 12 auction representatives, with an average of 15 years experience, providing on-site vehicle representation for approximately 95% of auctioned vehicles. CenterOne selects the auction location of a particular vehicle based on historic sales data, which is automatically fed into VRMS. In some instances, the company bypasses local auction locations in favor of consolidating vehicles at an auction with adequate representation to increase volume and maximize resale values.

In addition to strong relationships with corporate auction management, auction general managers, and auctioneers, the company's auction professionals are available to verify the vehicle condition onsite before it runs on the auction lanes to ensure the maximum dollar value is received. The reps are also able to negotiate for the best auction lanes and run times because of the volume of vehicles CenterOne runs through the auctions.

Auction-certified vehicles tend to sell better

To further maximize remarketing proceeds, CenterOne participates in auction-sponsored vehicle certification programs (eg, Silver Certified Program). Low mileage, late-model vehicles are inspected by the relevant auction for inclusion in such programs. Under the terms of the Silver Certified Program, certified vehicles are "front-runners" at every sale and carry a 10 business day buyback, generally applicable to any certified vehicle requiring more than \$500 in repairs (the certifying auction is responsible for the buyback). CenterOne targets approximately 25% of its remarketing inventory to be certified (the repossession portfolio aims to have a certified vehicle percentage in the high teens). CenterOne is introducing a Bronze Certified Program in 2007 for higher mileage vehicles.

To increase dealer participation and vehicle competitiveness, CenterOne offers simultaneous Internet bidding, which grants dealers access to a larger geographic area. Additionally, dealers can buy remarketed vehicles on line via Cyberauction and/or Cyberlot. The former, part of Manheim's Online Vehicle Exchange, allows inventory to be marketed by sellers and previewed by buyers two days prior to the on-line auction. The real time, interactive bidding process increases the likelihood of obtaining true market value for the vehicle. The latter, an Internet auction with the largest subscriber base in the industry, provides 24/7 online access for dealers to view vehicle condition reports and purchase vehicles. The physical auction is responsible for collecting sale proceeds and transferring vehicle titles on such cyber sales.

Disaster Recovery

Even the most effective origination, servicing and collections systems, policies, and procedures are useless if a disaster, natural or man-made, knocks out the business platform. Being headquartered in coastal Florida, a center of hurricane activity, crisis preparedness and disaster recovery planning is a key focus in CenterOne's business continuity planning to protect data, proprietary networks, business applications, and physical facilities, as well as addressing the human side of a potential disaster.

Infrastructure Overview

CenterOne's physical locations are well diversified geographically

CenterOne has a large geographical footprint, including facilities in Deerfield Beach and Jacksonville, Florida; St. Louis, Missouri; Atlanta, Georgia; Mobile, Alabama; and Minneapolis, Minnesota, which provides for some risk diversification. With multiple data, connectivity, and equipment redundancies between CenterOne's variously located facilities, the company decreases the risk of loss due to a local catastrophe. CenterOne's main IT platforms include IBM mainframe, mid-range, and client application servers, with mainframe operations outsourced to IBM Corp. in Dallas, Texas, and client servers located within the Category 5 hurricane-proof data center at the company's Deerfield Beach headquarters. To preserve data integrity and improve the recovery cycle, the company maintains an agreement with IBM Recovery Services to provide hot-site servicing, data back-ups and recovery at the IBM Dallas Recovery site. In addition, CenterOne has set up a fall-back site at WOFC's Atlanta, Georgia, facility to help load balance business processes and assist the recovery effort. The site is fully equipped with overflow workstations, a supply of gasoline, and other necessary gear for associates. All critical business applications can be accessed and administered from all company locations. A dedicated point-to-point T1 network line runs between the Deerfield Beach, St. Louis and Atlanta facilities. Redundant power supplies, including an uninterrupted power supply unit and gas-powered generators, have been installed to autonomously support all data centers for an extended time period (up to seven days).

Crisis Management

The company maintains an updated disaster recovery plan for every unit of the organization

CenterOne has a three-tier crisis management and recovery plan. Tier 1 responders include a Crisis Management team comprising executives and senior management. Tier 2 consists of Critical Incident managers including vice presidents, directors, and managers. Tier 3 extends to individual department heads. The firm recognizes that people are the most important element in the crisis management and recovery effort. Having a current and well-communicated plan stipulating how associates will work post-disaster, how they will travel to the new location, their responsibilities, and the necessary requirements to take care of their families' basic needs is critical. To address the demand for information before, during, and after an emergency, CenterOne developed a comprehensive disaster recovery website designed to offer one-stop shopping for associates disaster recovery information needs.

Hurricanes pose the greatest natural threat to CenterOne's business

Storm preparation and recovery provide an excellent example of the thorough, well-planned step-by-step nature of CenterOne's disaster recovery planning efforts. When business is threatened by a potential storm, the disaster recovery team begins to monitor the storm activity 96 hours prior to anticipated impact using the Hurritrack system, which links directly to up-to-the-minute weather information collected by the National Hurricane Center. Approximately 72 hours prior to potential impact, the disaster recovery team dispatches IT personnel and their families to one of the secure back-up sites not in the expected path of the storm. The business continuity plan calls for relocating business personnel and their families 46 hours prior to expected storm impact. JMFE has five aircraft and three water craft available to transport associates and their families to back-up sites in case of emergency.

2005: Practical Application of CenterOne's DR Plan

It is not often that disaster recovery plans receive practical testing, but 2005 provided just such an opportunity since Hurricanes Katrina and Wilma both affected CenterOne's facilities, though Wilma more directly struck CenterOne's business.

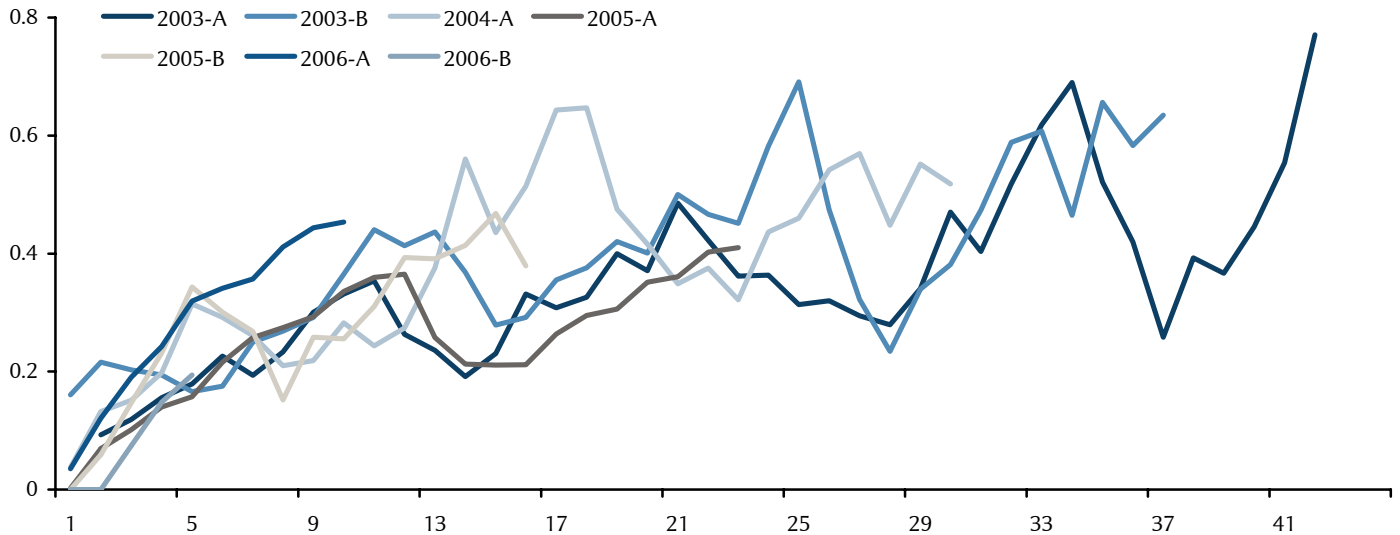
CenterOne's response to Hurricane Wilma is an excellent DR case study

Hurricane Wilma hit southern Florida on October 24, 2005, devastating the city of Deerfield Beach. Extensive damage was reported to many of the city's structures, including massive roof damage and downed power lines. Two of CenterOne's Deerfield Beach buildings incurred roof damage; however, the data center was not breached. To address the loss of power, CenterOne's Deerfield Beach facilities went on a backup generator and hot-switched some business processes to alternative facilities to which IT and business teams had earlier been dispatched. These disaster recovery efforts were seamless to the company's clients, and none of the business processes were interrupted.

The episode provided CenterOne with a valuable opportunity to assess the strengths and weaknesses of the company's disaster recovery plans. As a result, CenterOne compiled a list of 100 lessons learned/ideas for improvement, approximately 75 of which have been implemented in the last year. One of the more notable is that although CenterOne's data center facility survived the impact intact, associates had difficulty getting to work since the widespread power outages in the aftermath of Hurricane Wilma closed gas stations for an extended period. To prevent a recurrence, JMFE purchased a gasoline tanker truck to be parked at the Deerfield Beach facilities to provide gasoline to associates in the event power is lost and gas pumps shut down.

Appendix – Securitization Performance Update

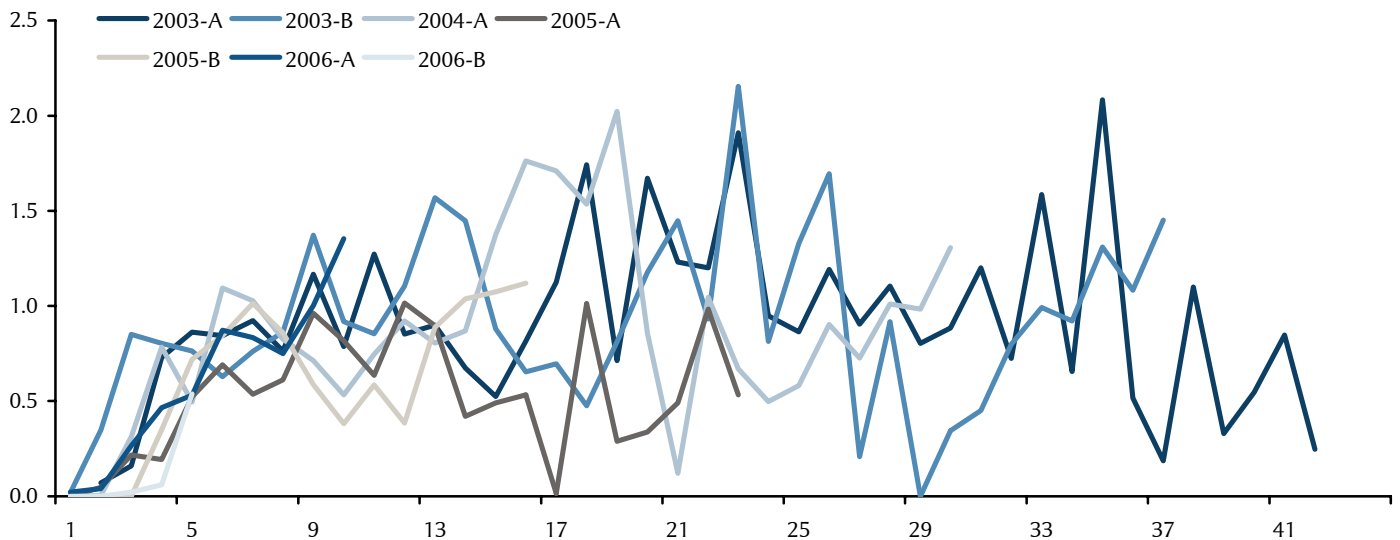
Figure 3: WOART 60+ Day Delinquencies Are Improving for Recent Transactions



Source: Intex, Barclays Capital.

Though Figure 3 appears to show volatility in WOART delinquencies, the percentage of loans that are 60+ days past due has consistently been below 1%. These results are in line with other prime auto ABS issuers.

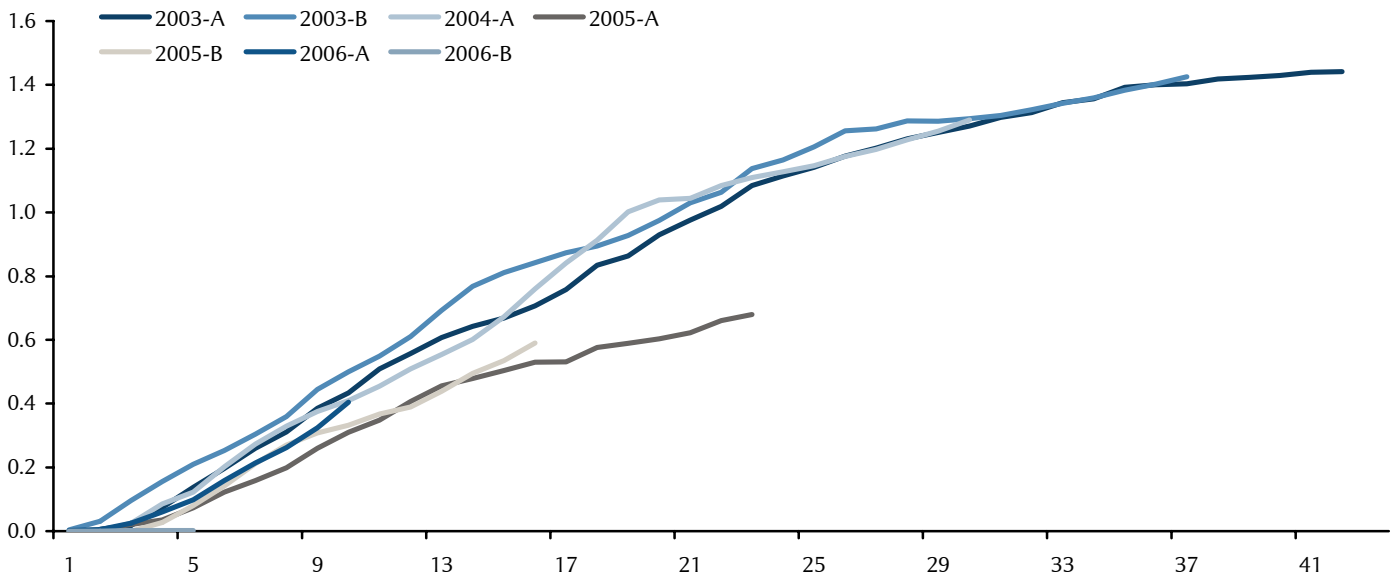
Figure 4: WOART Annualized Net Losses Are Consistent with Prime Peers



Source: Intex, Barclays Capital.

Annualized net losses have bounced around for the various WOART transactions. Despite the volatility, net loss performance for more recent deals is improving relative to earlier transactions and remains consistent with prime auto peers (Figure 4).

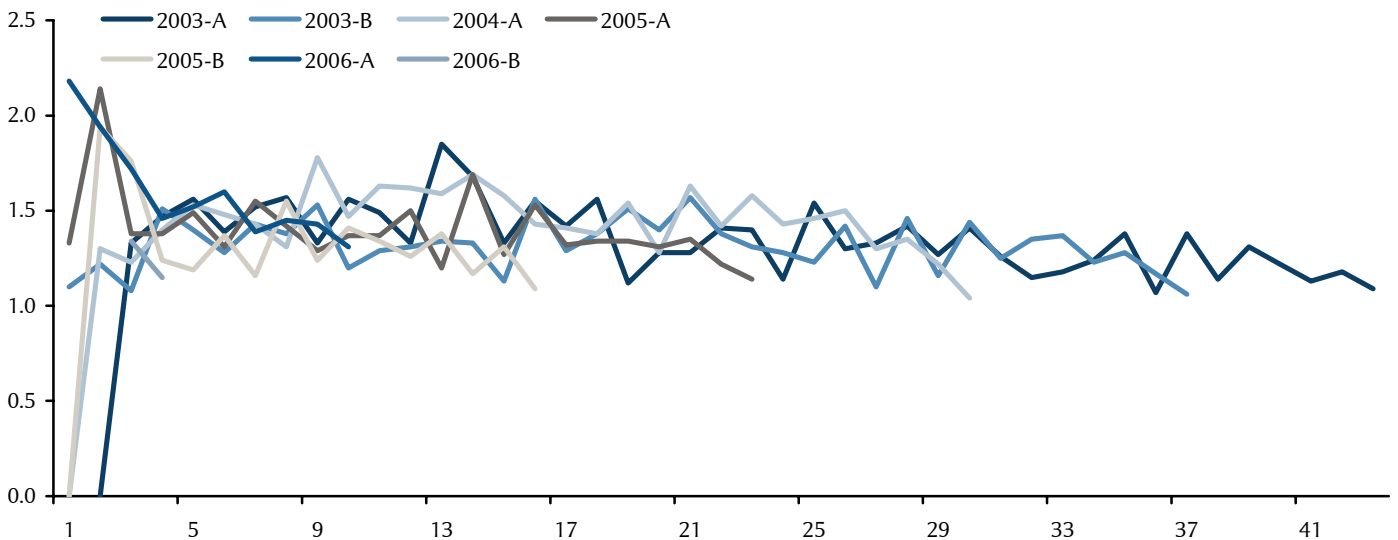
Figure 5: WOART Cumulative Net Losses Are Improving for Outstanding Transactions



Source: Intex, Barclays Capital.

WOART transactions have demonstrated improving cumulative net loss (CNL) performance since 2001. The CNL curves are tightly clustered and consistently fall below the 1.5% level (Figure 5). The CNL performance of WOART transactions reflects the prime nature of the collateral pools and the stringent maintenance of underwriting standards throughout credit cycles.

Figure 6: WOART Prepayment Speeds by Principal Amount (ABS%)



Source: Intex, Barclays Capital.

Stable prepayment experience reduces average life volatility, an attractive feature for retail auto ABS investors. WOART transactions price with a prepayment speed of 1.5% ABS, and, on average, actual prepayment experience is in line with the company's initial prepayment assumptions. Actual prepayment experience for WOART is 1.4-1.6% ABS (Figure 6).

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