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DriveTime, Portfolio Defense, and Magnum Communications Team Up To Rapidly Deploy 'State-of-the-Art' Applicant Risk Rating Capabilities

*Three-way Collaboration Combines DriveTime's Rich Database With
Portfolio Defense's Powerful Predictive Tools easily implemented within Magnum
Communication's Agile Credit Processing Software*

PHOENIX, AZ – January 6, 2003 – The Portfolio Defense Consulting Group and Magnum Communications today announced the results of a model development and implementation project with DriveTime Corporation. Today's announcement summarizes the results of their latest project, developing and installing a complex system of sub-prime applicant scoring models that use a variety of custom variables and advanced segmentation to generate risk ratings and permit effective applicant treatment strategies.

"Our customers have certainly felt the recession, and the economic shocks that came with the tragic events of September 11th. This type of environment requires the capability to develop and implement new models and tools quickly. We are fortunate to have Portfolio Defense and Magnum as part of our team. Even before this most recent development, our earlier work with both companies has allowed us to manage our business well. We have actually been able to grow volume and improve credit quality in spite of these difficult circumstances", said Greg Sullivan, CEO of DriveTime.

Al Appelman, Vice President and head of DriveTime's Risk Management Team added, "We chose to work with Portfolio Defense because of their years of experience in developing and deploying a variety of powerful consumer lending credit risk models. It is commonly recognized that one of the greatest challenges in any model development is the design of the database and the generation of key predictive variables." Appelman continued, "We were extremely pleased with the results that were achieved. Portfolio Defense generated and analyzed literally over three hundred variables, many developed just for this project. They also created a very powerful segmentation scheme, using unique combinations of credit bureau factors."

"There are several key issues in sub-prime lending", added Steve Zemaitis, Director of Credit Risk Analysis, and a key member of DriveTime's Risk Management Team. "First, you need powerful predictive tools, because this is a challenging market. Second, you need to be able to quickly adapt your management strategies to changes in the market. And third, you need to be able to build profitable volume, and have the most appropriate price and terms for your customers. This new set of models will allow us to continue to grow our volume with no added risk; and the rapid deployment capabilities available with Magnum's software products let us get that added value immediately!"

"DriveTime deserves a lot of credit for these results", said Jimmy Nam, a Principal at Portfolio Defense. "We worked closely together from the beginning, and Magnum's data analysis software gave them a strong platform in working with raw credit bureau data. Long before we started the project, we worked together to develop a number of unique credit bureau variables that we could explore for this set of models. The Magnum platform gave them the ability to code these variables across all three bureaus and provide us with a good, clean

data set, which is rarely available to an analyst. The challenge for us was to take all the sources of data that Magnum provided to design and generate a set of powerful predictive models and variables, in order to squeeze all of the predictive juice out of that data."

The value of these types of scores is clear. They permit a lender to optimize their origination function, by identifying the very best customers, and permit actions that reflect the importance of these customers as well, from managing down payments and pricing to forecasting portfolio performance. A technological infrastructure that permits the use of robust scoring models, combined with creative strategies, and crisp execution of those strategies, gives a lender powerful insight into their business.

By using Magnum's credit application processing software, DriveTime was able to retrieve the necessary data from a number of different credit data sources. The data was then mapped into a common format configuration making it easier to read and use. Since Magnum's software allowed DriveTime to control their own requirements for analyzing and summarizing key data elements based upon the variables used in DriveTime's credit policy, they eliminated the time-consuming and costly expense of hard-coding programs.

"We have worked with DriveTime for more than seven years to improve their risk management operations. DriveTime utilizes our credit application processing solutions in the most effective ways and achieves superior results," according to Carl Eikhoff, CEO of Magnum Communications. "Our system components provide DriveTime with the tools to control and maintain the implementation of their new Portfolio Defense scoring models. This project really showcases the capabilities, agility and value of our software.

"I feel that we broke new ground in the way that we worked together", commented Appelman. "With many scoring vendors, they do their part, but you generally provide them with data and don't hear much from them until the project is nearing completion. In addition, you often get the feeling that you're just another client in the queue and you don't know who has been assigned or the experience level of those actually doing the heavy-lifting on your project. The Portfolio Defense consultants really acted as partners from the very start, sharing their knowledge, sharing our goals, reviewing results along the way, and getting our feedback. I've been in this credit risk business for a long time and I have never worked with any scoring vendor who allowed the client to participate so closely in the process. This was true from the

data extraction, through the design of the predictive variables and database, to sampling, and model development. They worked hard to help us meet our project deadlines, literally developing seven models in eight weeks. And with the power of the Magnum products, we were able to immediately (same day) put the models into our test system and implement them into production less than four weeks later. In the end, I truly believe this type of partnership approach has allowed us to both build better models and deploy them rapidly."

"We couldn't be more pleased with this project, or with the way that we have worked together with the entire DriveTime team," stated Peter DeForest, Managing Partner of Portfolio Defense. "This project allowed us to demonstrate our customer service values: to work in a collaborative, partnership mode with clients; to develop superior solutions that 'tilt the playing field' in our clients' favor; and to have a practical focus on our clients' implementation. Because no matter how powerful the technology – if it can't be quickly and economically implemented, it has little value."

About DriveTime Corporation

Founded in 1992 as Ugly Duckling Corporation based in Phoenix, AZ., DriveTime owns and manages the largest sales and finance used car dealership network in the United States, serving customers in 8 states and 11 major metropolitan areas, through a network of 76 dealerships. A privately held company, DriveTime seeks to be the auto dealership and finance company of choice for people with less than perfect credit. DriveTime headquarters is located at 4020 East Indian School Road, Phoenix, AZ. 85018, telephone (800) TO-DRIVE. DriveTime is on the web at www.drivetime.com.

About Portfolio Defense Consulting Group

Founded in 1999, Portfolio Defense is a privately-held risk management consulting firm that provides services to a variety of credit markets, including direct and indirect installment lending, specialty automotive, mortgage and secured loans, retailing, credit card, and small business. The Principals and staff have over 70 years of risk management consulting experience, and have developed and deployed literally hundreds of solutions for leaders in consumer and small business lending. Headquartered in San Rafael, CA, Portfolio Defense also maintains staff in other locations around the country. Portfolio Defense headquarters is located at 7 Mt. Lassen Drive, Suite D150, San Rafael, CA 94903, telephone (415) 492-8262. Portfolio Defense is on the web at www.portfoliodefense.com.

About Magnum Communications

Founded in 1976, Magnum Communications, Limited is a leading provider of mission critical software systems that enable companies to make informed, automated decisions regarding credit risk. Magnum solutions include accessing and retrieving relevant data from a broad range of U.S. and international consumer and commercial data sources. Magnum also provides the software tools that allow the user to maximize the value of this data to control both scoring attributes and decision criteria. Magnum Communications is headquartered at 280 Interstate North Parkway, Suite 520 in Atlanta, GA, telephone (770) 952-4940. Magnum Communications is on the web at www.magnum.net.

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