



**DriveTime**<sup>®</sup>  
The Go-to-Guys for Cars and Credit.<sup>™</sup>

## Investors' Presentation

October 2011



**DriveTime**

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# SECTION 1: EXECUTIVE SUMMARY



# Executive Summary

- ① DriveTime Automotive Group (“DriveTime” or the “Company”) is the leading used vehicle retailer in the United States solely focused on the sale and financing of quality vehicles to the subprime market
- ① Over the past 19 years the Company has developed an integrated business model that provides its customers with a comprehensive end-to-end solution for their automotive needs, including the sale, financing and maintenance of vehicles
  - Operates 86 branded dealerships and 15 reconditioning facilities in 31 geographic areas
  - For the last twelve months ended June 30, 2011, the Company:
    - Sold 55,645 vehicles
    - Generated Revenue of \$1.1 billion
    - Generated Adjusted EBITDA of \$201 million
    - Generated Net Income of \$91 million
    - Managed a retail loan portfolio of \$1.5 billion



## **SECTION 2: SERVICING AND COLLECTIONS**



# Operational Enhancements

## Customer Payments

- ④ DriveTime entered into an agreement with CheckFreePay that went live December 2009 to allow cash payers to pay at CheckFreePay locations in all 50 states
  - These locations include Wal-mart, The UPS Store, Ace Cash Express, Farm Fresh Grocery stores and H-E-B Grocery stores among many others
  - There are over 12,000 CheckFree locations that accept payments from DriveTime (Includes 3,700 Wal-Mart locations)
  - All payments have been removed from stores

## Servicing Centralization

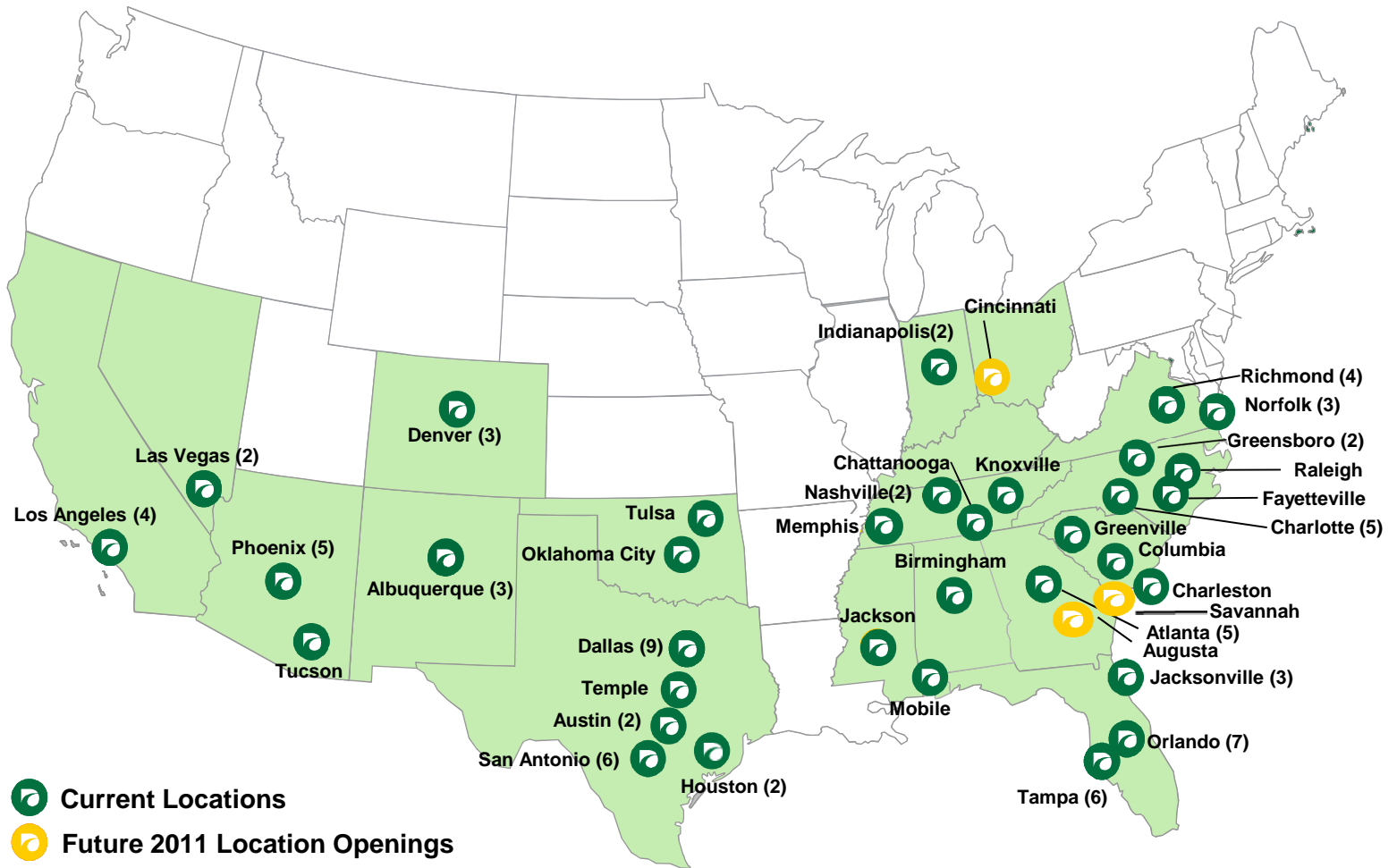
- ④ As of April 2010, DriveTime began servicing all accounts out of a centralized collections model
- ④ Our current collections strategy is:
  - 1-43 DPD accounts are serviced in Dallas, Orlando and Richmond Collection Centers
  - 44+ DPD accounts are serviced in Mesa Collections Center



# SECTION 3: COMPANY OVERVIEW



# DriveTime Locations



Note: numbers in parenthesis represent the number of dealerships open in a region as of 06/30/2011 – 86 total.



# Dealership Pictures



Opened June 25, 2010

Columbia



Opened May 14, 2010

Greenville



Opened October 8, 2010

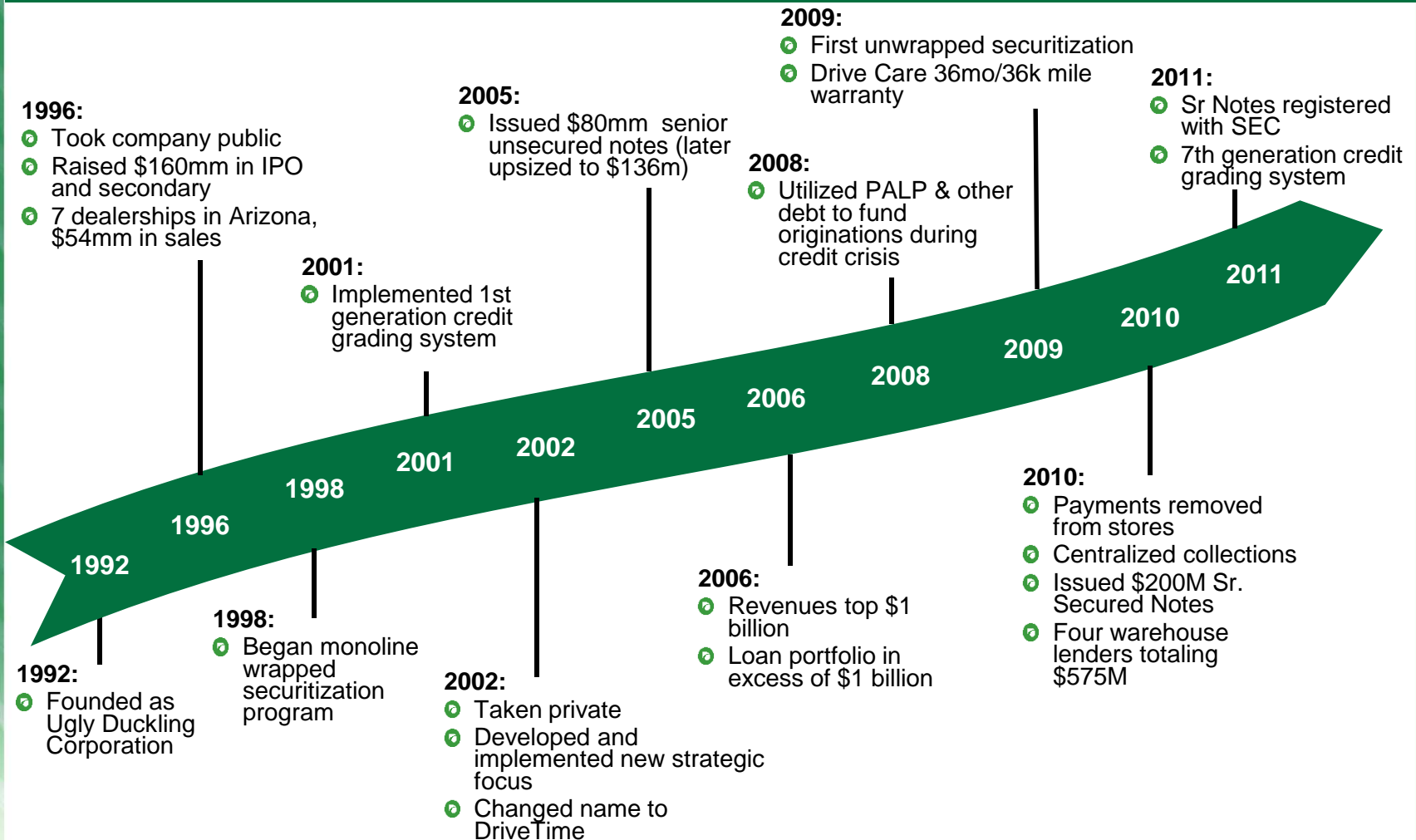
Chattanooga



Opened December 3, 2010

Mobile

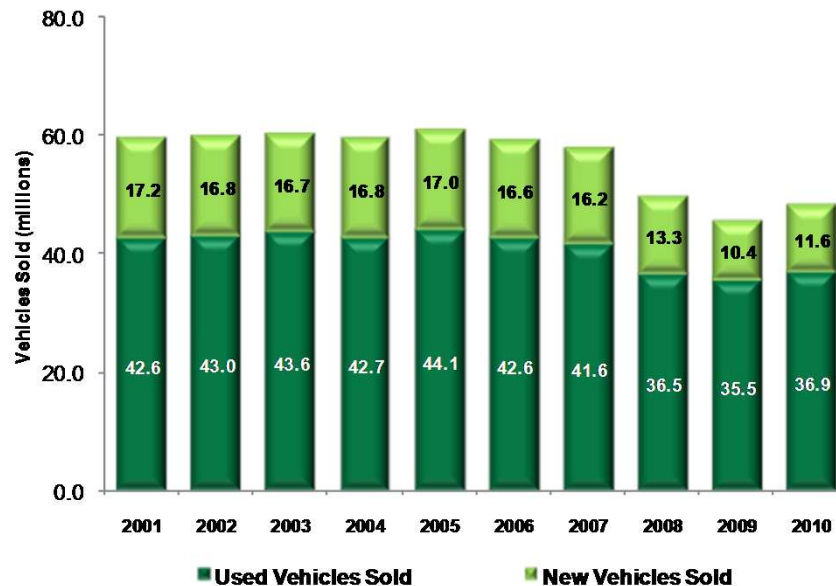
# Company History



# Leading Used Vehicle Retailer

- Second largest “branded” used vehicle retailer
- Largest used vehicle retailer focusing on subprime segment

## New and Used Car Sales



Source CNW.

## Top Used Vehicle Retailers

2010 Rank	Company	2010 # of Used Vehicles Sold <sup>(1)</sup>	2010 Market Share <sup>(1)</sup>
1	CarMax (KMX)	357,129	0.9% <sup>(3)</sup>
2	AutoNation (AN)	160,126	0.4%
3	Penske Automotive (PAG)	113,676	0.3%
4	Sonic Automotive (SAH)	91,177	0.2%
5	Van Tuyl Group (private)	73,687	0.2%
6	Group 1 Automotive (GPI)	66,001	0.1%
7	<b>DriveTime</b>	<b>52,500</b>	<b>0.1%</b> <sup>(3)</sup>

(1) As a % of total 2010 used vehicles sold by franchised and independent dealerships and private sales (36.9 million). (Source – Automotive News)

(2) Source: Automotive News.

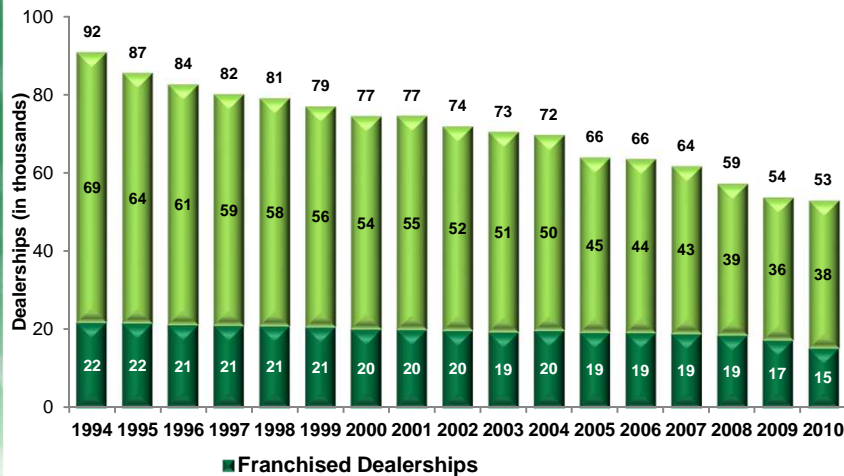
(3) Represents a branded dealership.



# Fragmented & Underserved Market

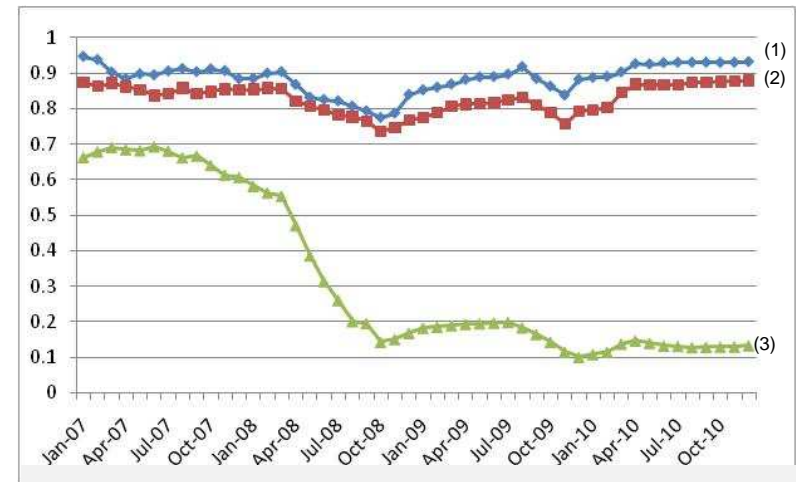
- During 2010, DriveTime accounted for 0.1% of total used vehicles sold
- Percentage of U.S. population with a FICO score under 600 is approximately 25.5% as of April 2010, up from approximately 22% as of October 2005
- Industry wide subprime approval rates have dropped from nearly 70% to around 13%
  - Withdrawal of other sub-prime lenders has driven increased customer volume to the Company
- The number of auto dealerships in the U.S. has declined by 37% in the past 15 years

Industry-Wide Number of Dealerships



Source: CNW.

Industry-Wide Loan Approval Rate



Source: CNW.  
Subprime define as borrowers with FICO scores below 620.

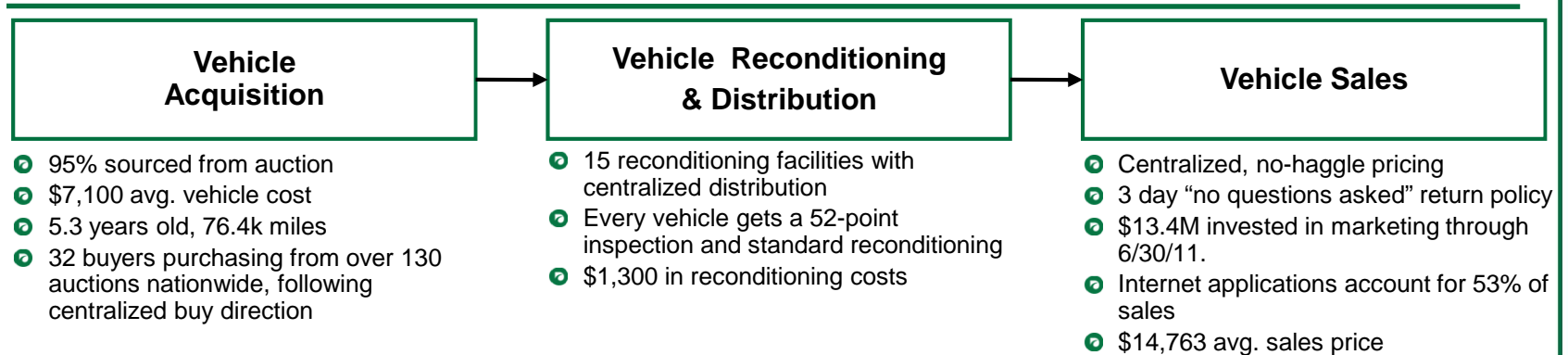
(1)-Prime  
(2)- Near Prime  
(3)- Sub Prime



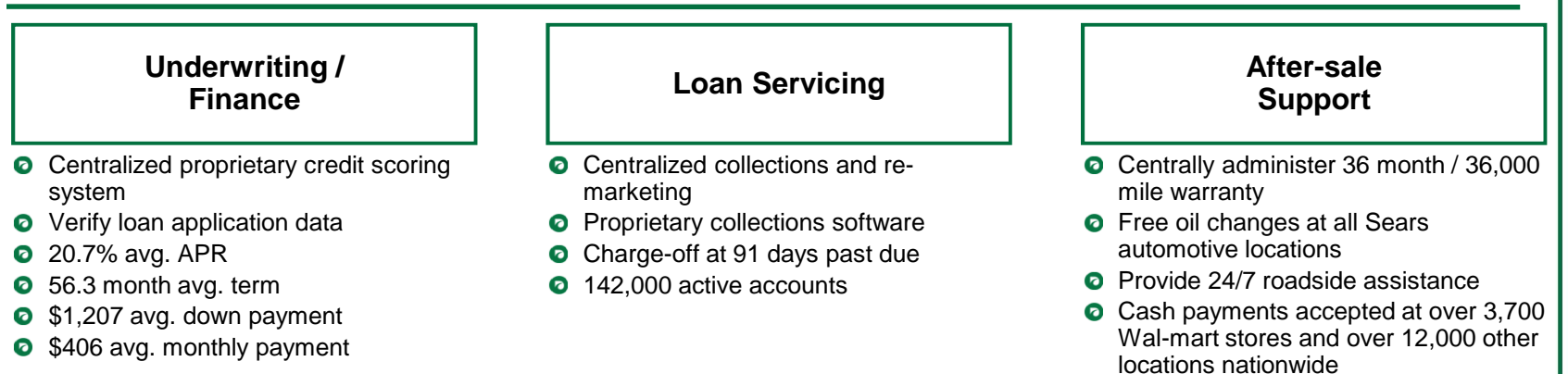
DriveTime

# Integrated Business Model

## Retail



## Portfolio



Retail information based on 6 months ended June 30, 2011 averages. Portfolio Information as of June 30, 2011.



# Marketing Investment has Created Significant Brand Recognition

- 🔄 Uniform television and online advertising campaigns
- 🔄 \$13.4 million invested in marketing through June 30, 2011
- 🔄 Over 166,798 television and 3,984 radio commercials aired through June 30, 2011.
- 🔄 Multi faceted online marketing strategy which includes: PPC, SEO, 3rd party lead acquisition and affiliate marketing
- 🔄 Approximately 53% of customers complete applications online before arriving in the dealership



A 36-month/36,000-mile warranty, complimentary oil changes and roadside assistance.



The Go-to-Guys for Cars and Credit.®



# SECTION 4: UNDERWRITING & CREDIT SCORING



# Expertise in Credit Risk Management through Origination Strategy and Analysis

- ① Our scoring system is the key component in determining origination strategies
- ① Information used by the credit scoring system is gathered from several sources
  - Credit bureau
  - Debit bureau
  - Alternative data sources
- ① Credit scoring system is automated
  - Dealership personnel input credit application data and initiate the credit scoring process
  - Internal models are housed on SQL Servers at corporate office
  - After the application data is entered, the scoring process takes a few seconds
- ① Evaluated predictiveness of many techniques, including:
  - Segmentation
  - Iterative variable selection
  - Ensemble modeling
- ① Most predictive techniques were used in the model build
  - Predictiveness based on out of sample testing
  - Cross validated GINIs
- ① First in house credit scoring model
  - Outperformed comparable third party model by 31%
  - 209% more predictive than FICO
  - 42% more predictive than Gen6



# Our Customer Demographics

-  We segment the sub-prime market into eight credit grades using our proprietary credit scoring models

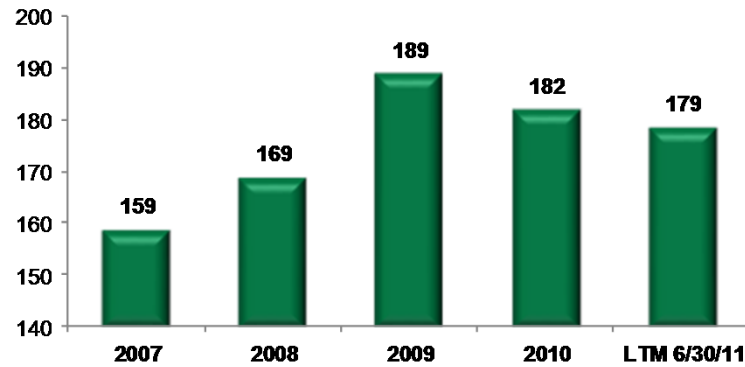
Grade	Avg Age	Avg Combined Income	Avg FICO	No FICO	Home Owner	Avg Time At Job	Avg Time At Address	Avg Time In CB	Percent of Originations
A+	44	\$ 3,948.00	559	5%	40%	6.9	8.0	6.9	8.8%
A	42	\$ 3,493.00	541	8%	29%	6.2	6.7	6.4	15.9%
B	38	\$ 3,112.00	523	15%	16%	4.7	5.2	5.5	35.2%
C	35	\$ 2,893.00	511	20%	8%	3.7	3.9	4.7	31.1%
C-	33	\$ 2,821.00	500	22%	4%	3.1	2.9	4.1	6.3%
D+	32	\$ 2,815.00	490	20%	4%	2.9	2.6	3.8	2.0%
D	32	\$ 2,916.00	480	14%	3%	2.6	2.1	3.6	0.4%
D-	33	\$ 2,665.00	471	32%	11%	3.9	3.2	3.1	0.3%
<b>Wtd Avg</b>	<b>38</b>	<b>\$ 3,152.00</b>	<b>524</b>	<b>15%</b>	<b>17%</b>	<b>4.7</b>	<b>5.1</b>	<b>5.4</b>	<b>100.0%</b>

Note: based on the 12 months ended June 30, 2011

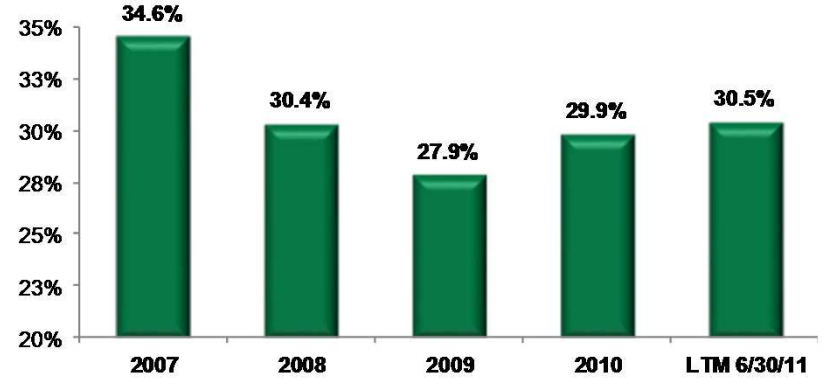


# Macroeconomic Environment Led to DriveTime Tightening Credit Standards in 2<sup>nd</sup> Q 2008

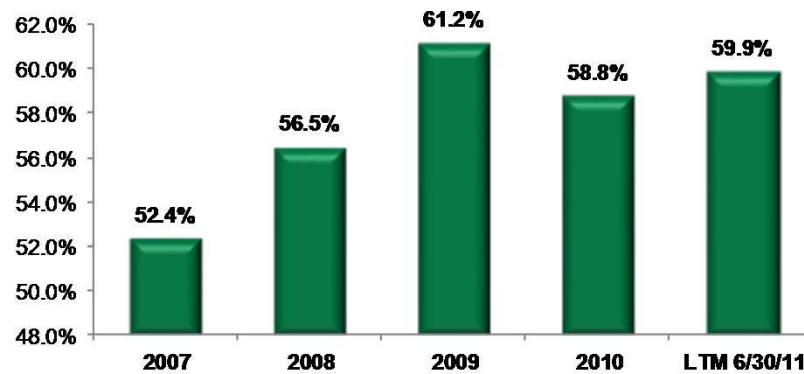
Monthly Application Volumes Per Store



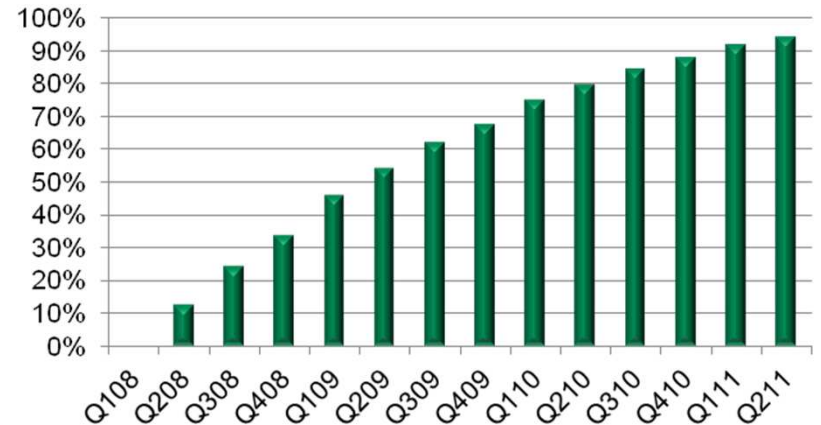
Close Rates



Sales Grade Mix - Top Three Credit Grades

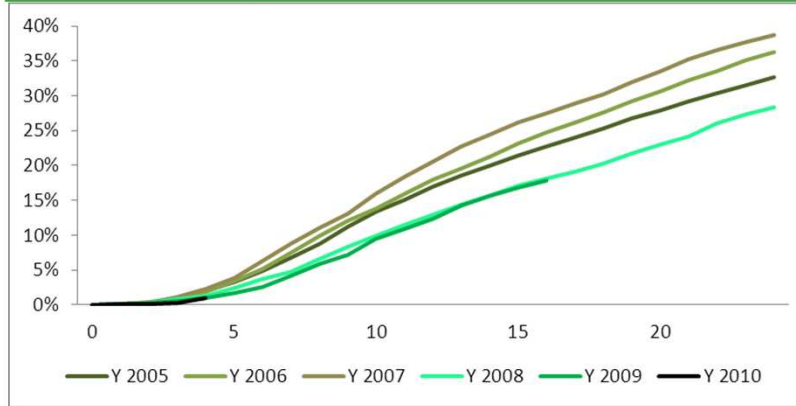


Percent of Portfolio Originated Since 3/31/08

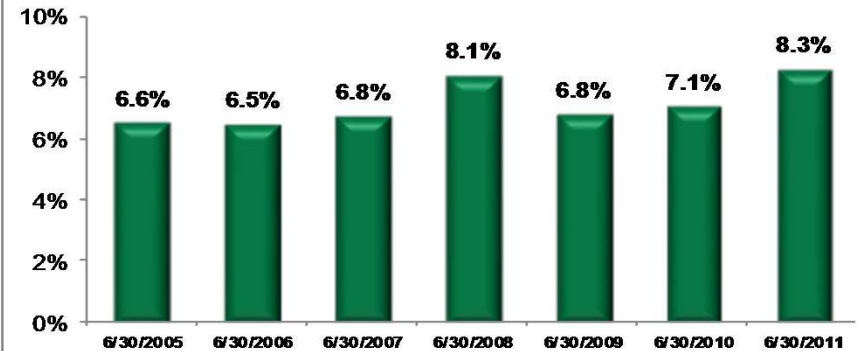


# Portfolio Performance

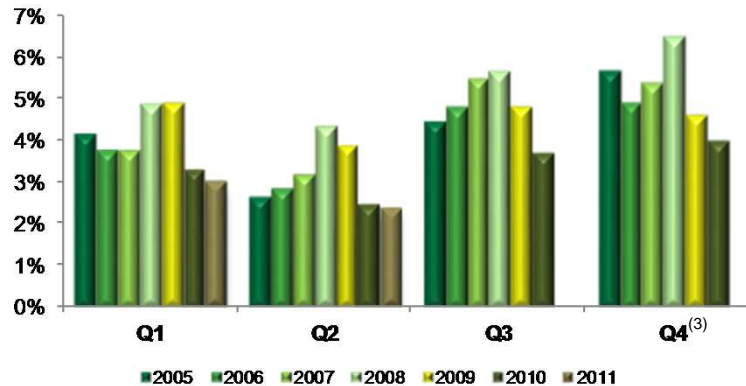
December Originations – Gross Loss Static Pool



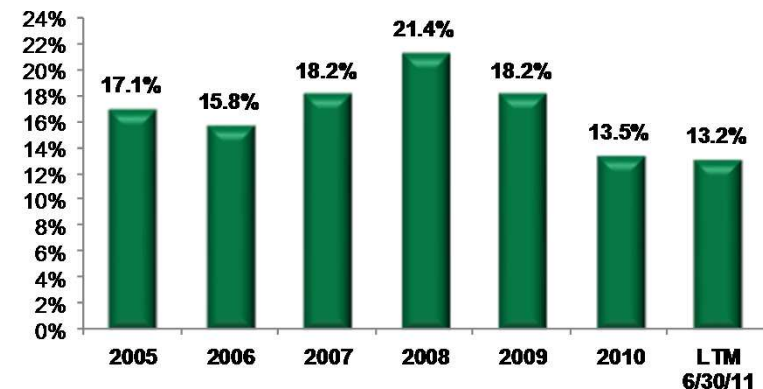
Portfolio Delinquencies Over 30 Days <sup>(1)</sup>



Net Charge-Offs by Quarter (% Avg. Portfolio)



Net Charge-Offs by Year (% Avg. Portfolio)



(1) Delinquencies are presented on a Sunday-to-Sunday basis, which reflects delinquencies as of the nearest Sunday to period end. Sunday is used to eliminate any impact of the day of the week on delinquencies since delinquencies tend to be higher mid-week.

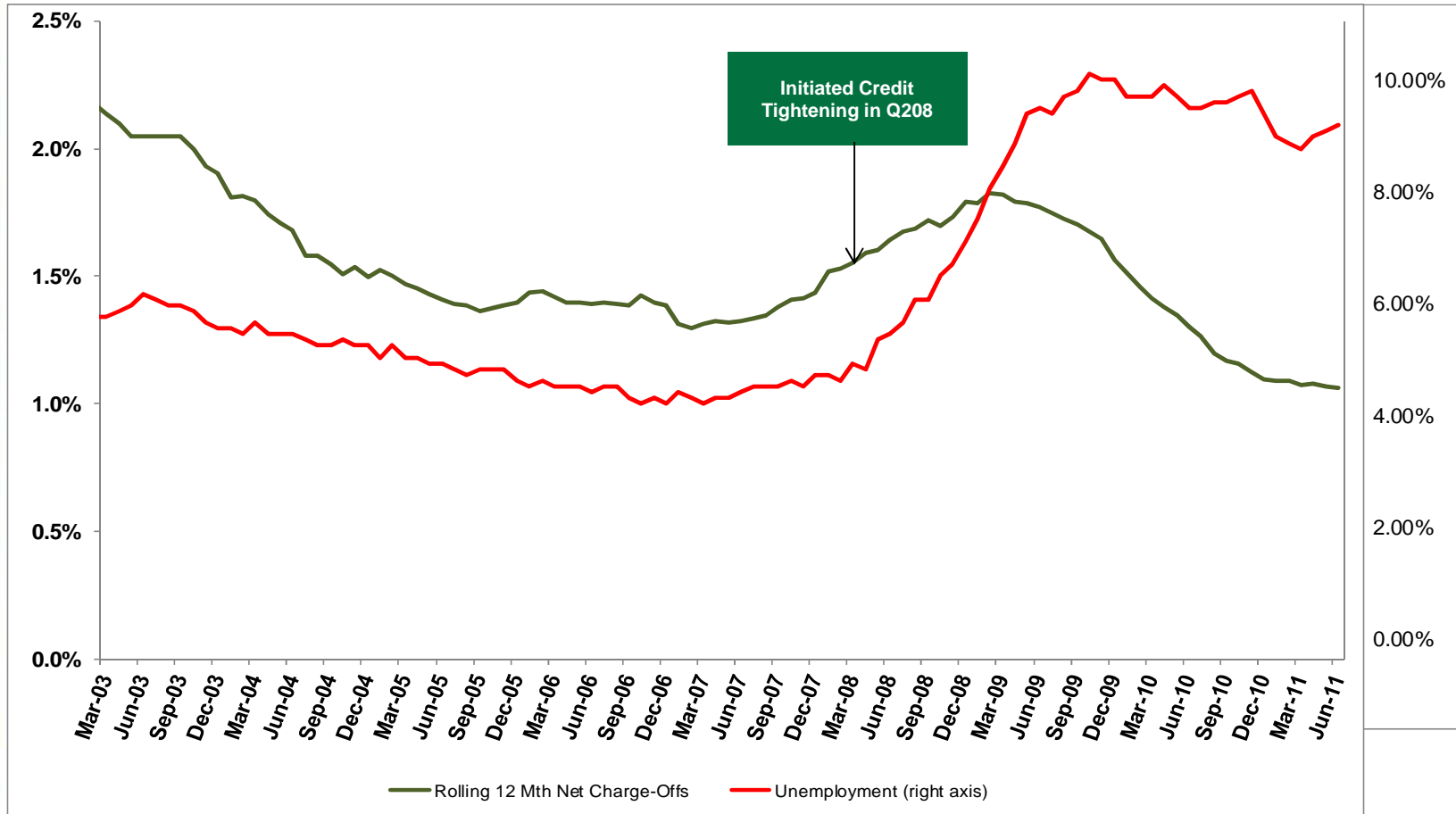
(2) Gross Loss Rates are prior to recoveries

(3) Excludes the effect of a \$5M one time adjustment for state sales tax recoveries.



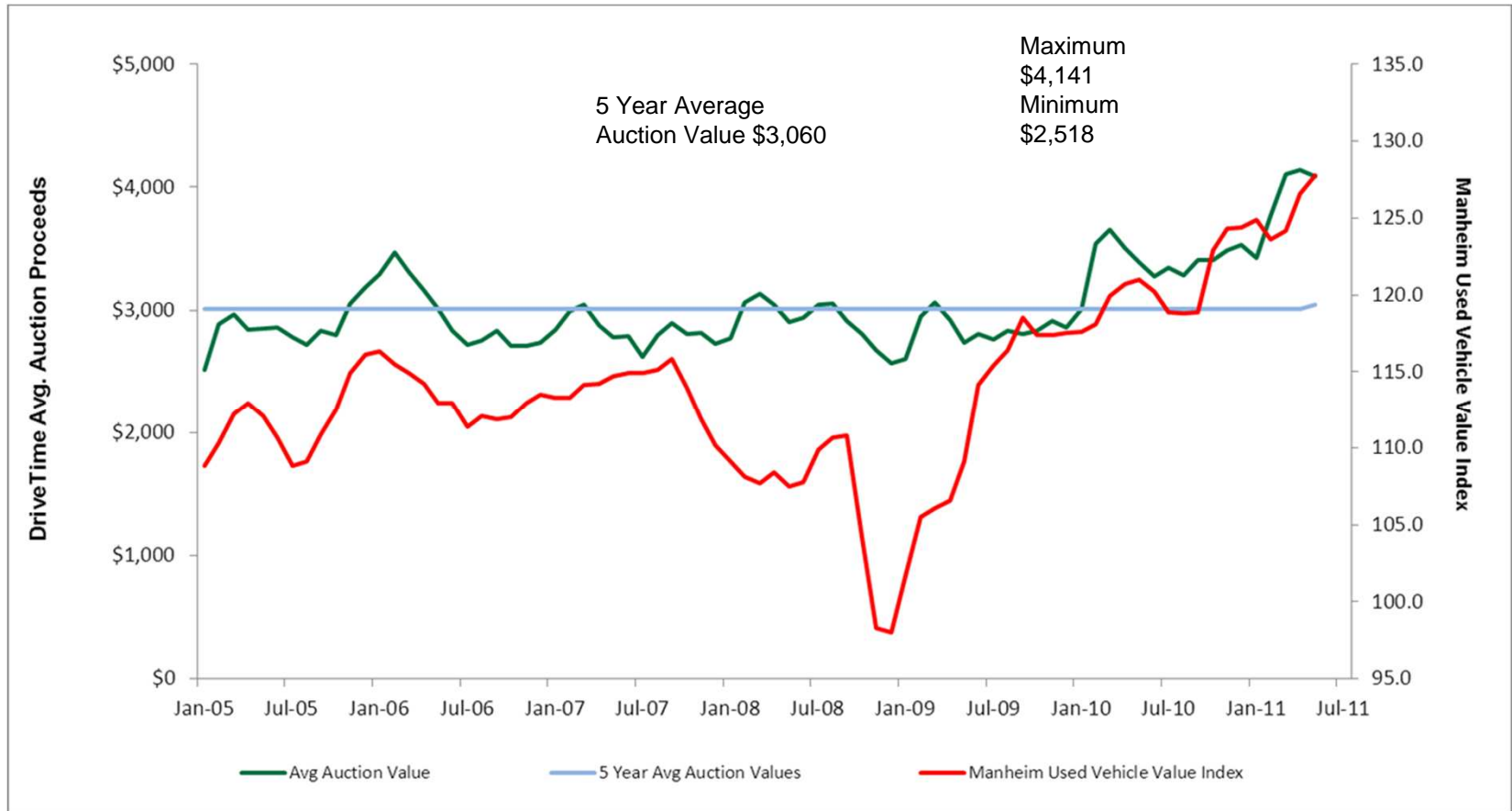
# Unemployment & Net Charge-Offs

Net Charge-Off / Unemployment Correlation



# Relatively Stable Recovery Values

## Historical Value of Used Vehicles

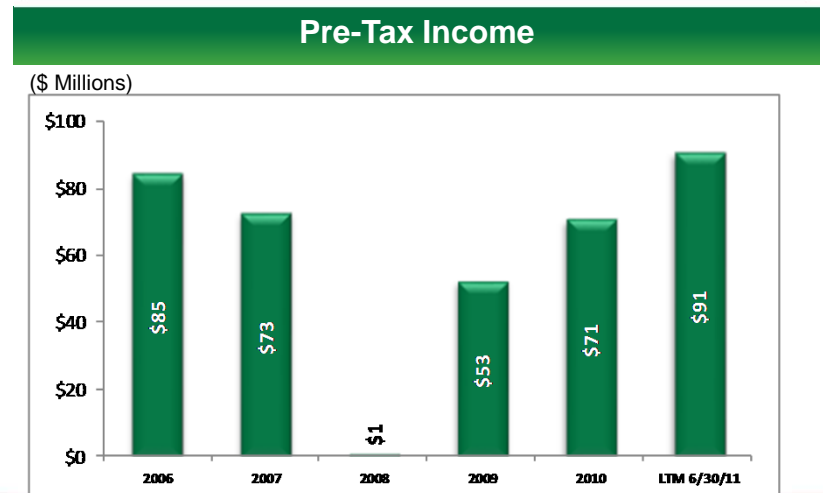
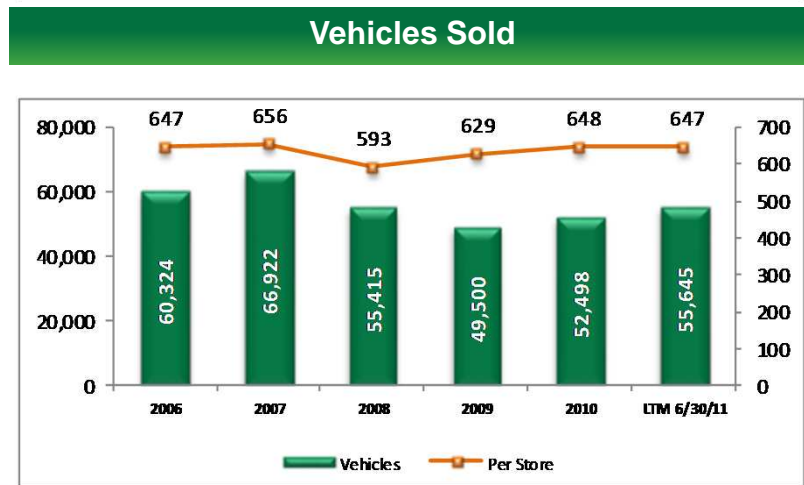
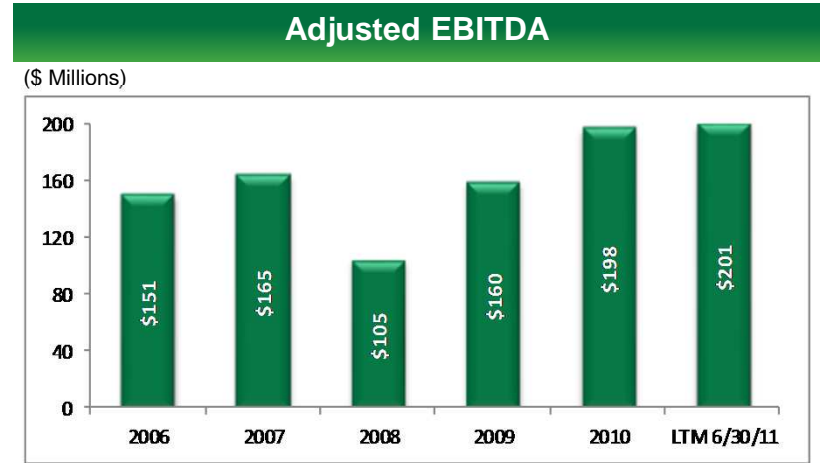
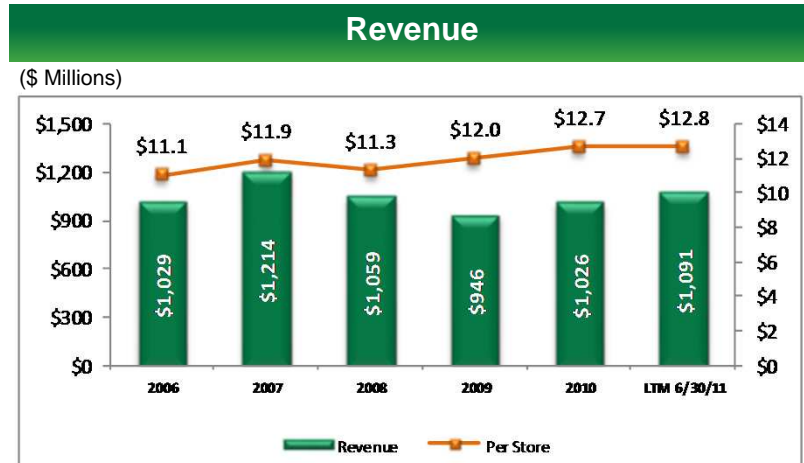


# SECTION 5: FINANCIALS



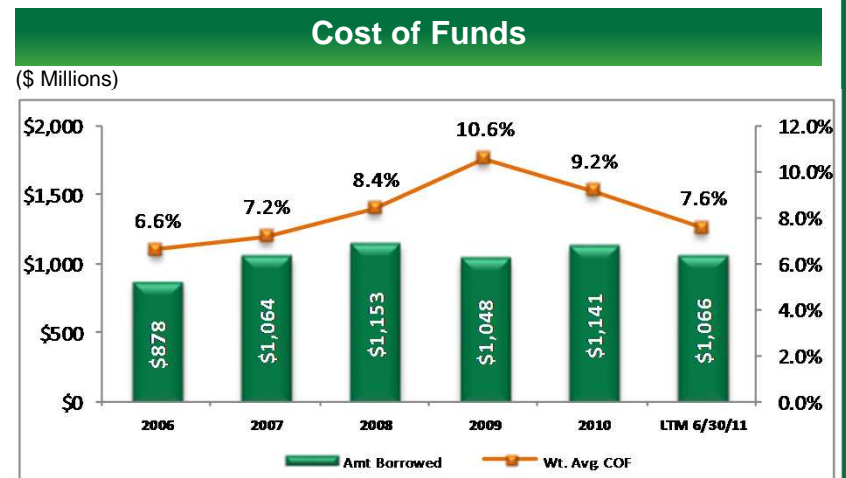
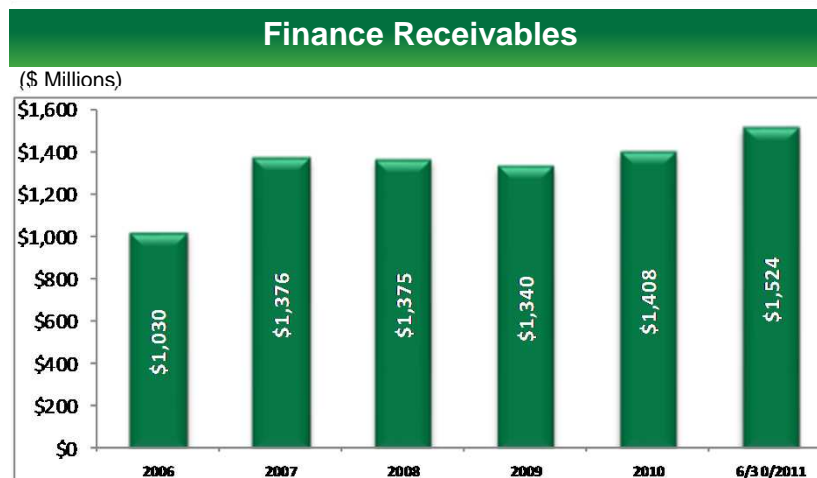
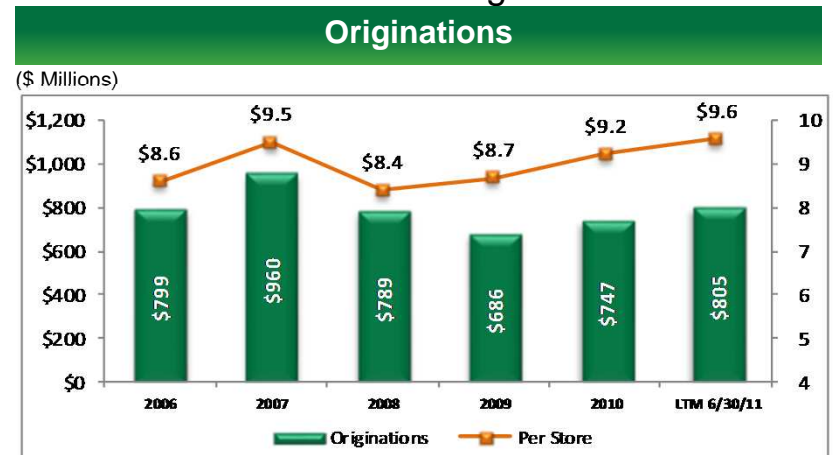
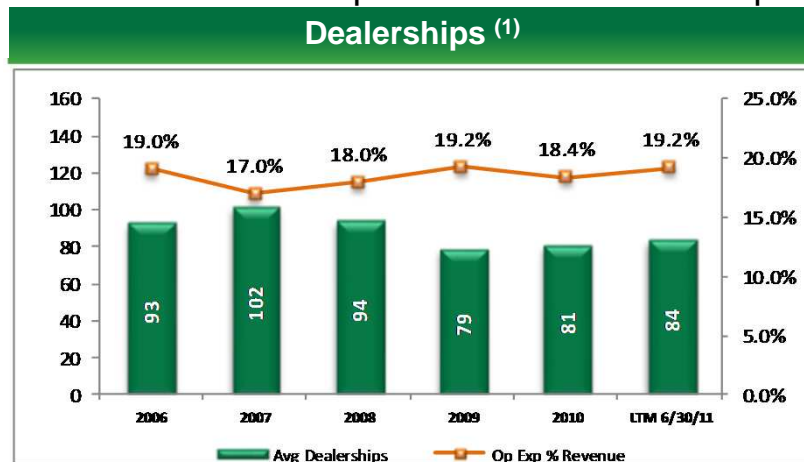
# History of Profitability Through Credit Cycles

Proven ability to manage through all credit cycles



# Operational Metrics

🔄 Closed dealerships in 2008 & 2009 in response to reduced access to funding



(1) Operating Expenses exclude store closure costs, legal settlement, and non cash compensation expense



# Selected Financial Data

(\$ in thousands)	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>LTM 6/30/11</u>
Vehicles Sold	60,324	66,922	55,415	49,500	52,498	55,645
Total Revenue	\$ 1,028,814	\$ 1,214,249	\$ 1,058,625	\$ 946,282	\$ 1,025,741	\$ 1,091,217
Costs and Expenses	\$ (944,134)	\$ (1,141,354)	\$ (1,057,815)	\$ (893,555)	\$ (954,655)	\$ (1,000,092)
Pretax Earnings	\$ 84,680	\$ 72,895	\$ 810	\$ 52,727	\$ 71,086	\$ 91,125
Adjusted EBITDA (a)	\$ 151,110	\$ 165,380	\$ 104,515	\$ 159,478	\$ 198,500	\$ 201,149
Finance Receivables	\$ 1,129,509	\$ 1,375,961	\$ 1,375,019	\$ 1,340,591	\$ 1,408,741	\$ 1,523,693
Total Assets	\$ 1,333,235	\$ 1,515,646	\$ 1,430,738	\$ 1,432,080	\$ 1,568,154	\$ 1,682,013
Long Term Senior Secured Debt	\$ -	\$ -	\$ -	\$ -	\$ 197,829	\$ 197,940
Long Term Subordinated Secured Debt	\$ -	\$ -	\$ 55,100	\$ 62,088	\$ -	\$ -
Long Term Unsecured Debt	\$ 77,064	\$ 131,823	\$ 194,866	\$ 76,487	\$ -	\$ -
Shareholders' Equity	\$ 256,070	\$ 276,771	\$ 266,008	\$ 293,145	\$ 418,767	\$ 467,363
Total Long Term Capital	\$ 333,134	\$ 408,594	\$ 515,974	\$ 431,720	\$ 616,596	\$ 665,303
Total Shareholder Investment	\$ 256,070	\$ 276,771	\$ -	\$ -	\$ 418,767	\$ 467,363

(a) Adjusted EBITDA = net income (loss) before income tax expense; plus total interest expense, depreciation expense, store closing costs, legal settlement (2009), and non-cash compensation expense, less gain / (plus loss) on extinguishment of debt, net.



# Debt & Liquidity Overview

<u>Type</u>	<u>Size/Amount</u>	<u>Maturity</u>
<b>Total Cash &amp; Availability (6.30.2011):</b>	\$202M	
<b>Securitizations Original Debt:</b>		
2009-1	\$193M	Sep-12 (a)
2010-1	\$228M	Mar-13 (a)
2011-1	\$214M	Oct-13 (a)
2011-2	\$247M	Apr-14 (a)
Total	<u>\$882M</u>	
<b>Warehouses:</b>		
Deutsche	\$150M	Dec-11
RBS	\$125M	May-12
UBS	\$125M	Aug-12
Total	<u>\$400M</u>	
<b>Residual Facility:</b>		
Santander	\$100M	Sep-13
<b>Inventory Facility:</b>		
Santander/Manheim	\$50M	Oct-11
<b>Senior Secured Notes:</b>		
Public Registered Debt	\$200M	Jun-17

(a) -expected final maturity for securitizations



# SECTION 6: DTAOT 2011-2



# 2011-2 Pricing & Structure

## DTAOT 2011-2

Pricing Date: 5/25/2011

Settlement Date: 5/31/2011

Collateral Balance: \$299,975,863

Class	Rating (S/D)	Balance (\$)	Balance (%)	WAL (yrs to call)	Benchmark	Benchmark Yield (%)	Pricing Spread (%)	Coupon (%)	Yield (%)	Price (%)
A	AAA / AAA	\$148,788,000	49.60%	0.61	EDSF	0.316%	0.650%	0.960%	0.966%	100.00%
B	AA / AA	\$24,298,000	8.10%	1.64	EDSF	0.580%	1.550%	2.120%	2.130%	100.00%
C	A+ / A	\$19,498,000	6.50%	1.99	EDSF	0.720%	2.350%	3.050%	3.070%	100.00%
D	BBB / BBB	\$54,296,000	18.10%	2.65	SWAPS	1.000%	3.400%	4.360%	4.400%	100.00%
<b>Total Bonds</b>		<b>\$246,880,000</b>	<b>82.30%</b>	<b>1.27</b>		<b>0.704%</b>	<b>2.199%</b>	<b>2.880%</b>	<b>2.903%</b>	<b>100.00%</b>
OC		\$53,095,863	17.70%							
<b>Total</b>		<b>\$299,975,863</b>	<b>100.00%</b>							



# DTAOT 2011-2 Bond Summary

## DT Auto Owner Trust 2011-2

	Class A	Class B	Class C	Class D
Initial Principal Amount	\$148,788,000	\$24,298,000	\$19,498,000	\$54,296,000
Class Split (% pool)	49.60%	8.10%	6.50%	18.10%
Ratings (S&P/DBRS)	AAA / AAA	AA / AA	A+ / A	BBB / BBB
Weighted Average Life to Call (yrs) <sup>(1)</sup>	0.61	1.64	1.99	2.65
Weighted Average Life to Maturity (yrs) <sup>(2)</sup>	0.61	1.64	1.99	2.75
Principal Window (months)	1-18	18-22	22-26	26-35
Expected Final Maturity	Nov 2012	Mar 2013	Jul 2013	Apr 2014
Legal Final Maturity	Jan 2014	Feb 2016	Feb 2016	Dec 2016
Interest Type	Fixed	Fixed	Fixed	Fixed
Interest Day Count	30/360	30/360	30/360	30/360
Distribution Date	15th of each month (or next business day)			
First Interest Payment Date	15-Jun-2011	15-Jun-2011	15-Jun-2011	15-Jun-2011
Pricing Benchmarks	EDSF	EDSF	Interp. SWAPS	Interp. SWAPS
ERISA Eligible	Yes	Yes	Yes	Yes
Credit Enhancement				
Subordination:	32.70%	24.60%	18.10%	NA
Reserve Fund:	1.50%	1.50%	1.50%	1.50%
Overcollateralization				
Initial:	17.70%	17.70%	17.70%	17.70%
Target <sup>(3)</sup> :	22.45%	22.45%	22.45%	22.45%
Floor <sup>(4)</sup> :	3.25%	3.25%	3.25%	3.25%
Estimated Excess Spread:	13.71%	13.71%	13.71%	13.71%

<sup>(1)</sup> Assumes a 1.75% ABS prepayment speed with the 10% clean-up call being exercised

<sup>(2)</sup> Assumes a 1.75% ABS prepayment speed

<sup>(3)</sup> Expressed as a percent of the current pool balance

<sup>(4)</sup> Expressed as a percent of the initial pool balance



# DTAOT Collateral Comparison

DTAOT Collateral Comparison			
	DTAOT 2011-2	DTAOT 2011-1	DTAOT 2010-1
Agg. Current Principal Balance	\$299,975,863	\$279,975,468	\$300,021,267
Agg. Original Principal Balance	\$373,101,842	\$371,170,189	\$380,517,782
Number of Loans	26,564	26,166	27,031
Avg. Original Balance	\$14,045	\$14,185	\$14,077
Avg. Current Balance	\$11,293	\$10,700	\$11,099
Monthly Equivalent Payment	\$409	\$414	\$413
W.A. APR	21.16%	21.27%	21.15%
W.A. Original Term (mos)	54	54	54
W.A. Remaining Term (mos)	44	43	41
W.A. Seasoning (mos)	10	12	13
W.A. Payment Frequency	16 days	17 days	17 days
W.A. FICO Score	518	518	516
Top 5 States			
	24.4% (TX)	26.3% (TX)	27.9% (TX)
	17.7% (FL)	16.8% (FL)	18.5% (FL)
	11.1% (NC)	11.1% (NC)	10.8% (NC)
	7.7% (AZ)	8.1% (VA)	8.1% (VA)
	7.4% (GA)	7.8% (AZ)	8.0% (GA)



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