A D&B Special Report
12 month period ending June 2011
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Decide with Confidence

D&B U.S. Business Trends Quarterly Report



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1. Executive Summary

This report, *U.S. Business Trends Report*, summarizes Dun & Bradstreet's analysis of and insight from recent failure and delinquency trends on approximately 34 million active United States-based businesses in D&B's global database. This report summarizes data trends ending in June 30, 2011. The report's ultimate purpose is to enable business owners to make better-informed and confident decisions in the face of the myriad risks and uncertainty in today's challenging economic environment—decisions that will have an impact now and into the foreseeable future.

ECONOMIC SNAPSHOT:

The US economy has struggled in 2011. Though delinquencies declined and failures increased only by a small percentage, other macro-economic indicators continue to show signs of stress. With inflation uncomfortably high, job growth stagnating, the housing market depressed and financial market volatility all eroding business confidence, there are few reasons to expect growth to accelerate in the coming quarters. Accordingly, we expect businesses will continue to face high levels of uncertainty and risk across a number of sectors and sub-regions into 2012.

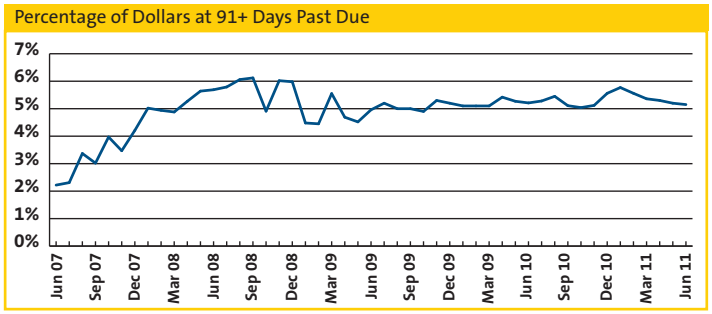
D&B tracked key indicators (delinquencies and failure) continue to be consistent with slow economic recovery. National Bureau of Economic Research classifies Dec 2007 through Jul 2009 as the recession period. Percentage of delinquent dollars started to increase dramatically before the recession, and continued to peak till Oct–Nov 2008. The percentage declined from that point on and remained stable almost till the end of 2010 indicating economic recovery. There were sharp increases in Dec 2010 and Jan 2011 which led to the discussion of possibility of a slowdown. Most recent data starting Feb 2011 however is showing continuous decline in delinquencies consistent with recovery. There was a small increase in failure compared to the year before. However, we are now comparing two post-recession periods—and some fluctuations in the numbers are natural.

There are many other mixed signals in the economy. Most recent employment data continues to show no growth. Businesses seem to be very risk averse. Though they are paying off their debt relatively easily, they do not seem to have the confidence to start hiring. This would adversely impact growth propects. With manufacturing orders falling for the second consecutive month in August, many firms are likely to scale down production in the coming months. With domestic and external demand softening, the quarters ahead are likely to be the toughest for many firms in both the manufacturing and services sectors since the recession of 2008-09. Weak consumer spending, the core driver of the US economy, will continue to weigh on key sectors such as construction, transportation as well as manufacturing. Highlights of this report include:

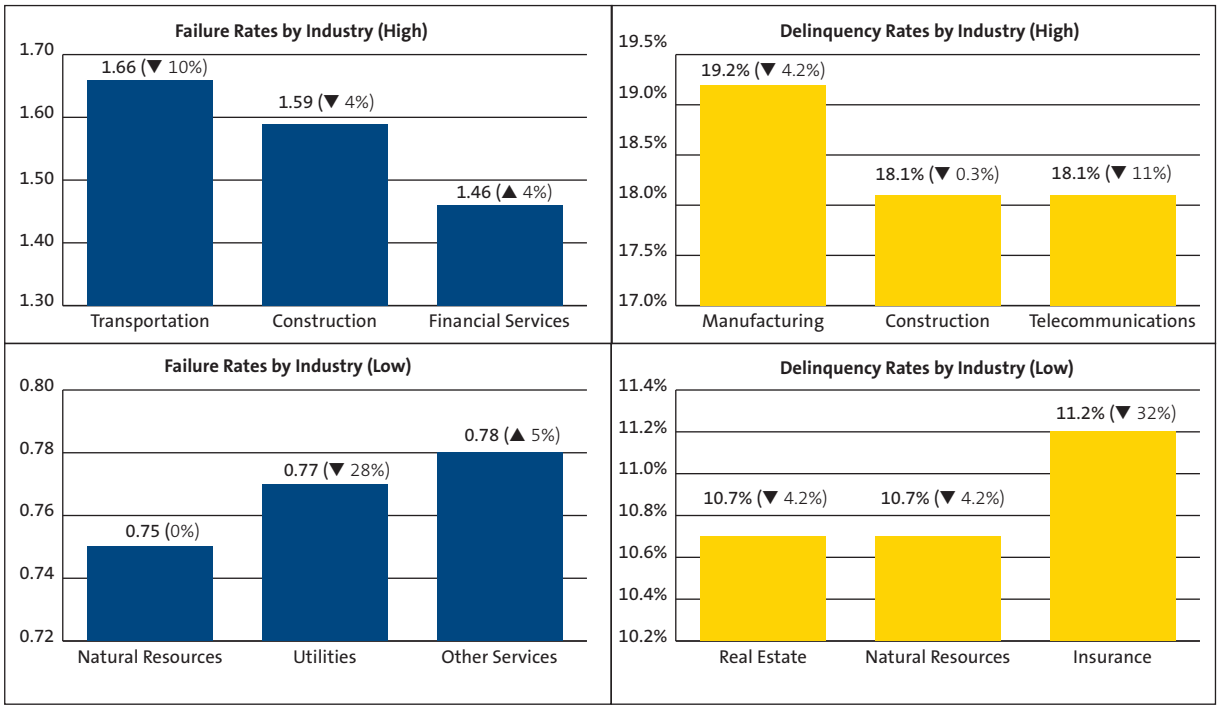
- **Insight 1:** Although the U.S. Government reported a 9% decline in the number of bankruptcies from June 2010 to June 2011, D&B finds this number to be non-representative of the hidden failures present in the market. Instead, D&B has found the number of business failures grew from 86,678 to 88,164—**a 1.71% increase year over year.** The number of failures is 68% higher than recorded bankruptcies in the same period.

	Number of Bankruptcies	D&B Estimate of Business Failures
June 2010	58,222	86,678
Jun 2011	52,620	88,164
% YOY Change	-9.62%	1.71%

- **Insight 2:** There has been a downward trend in delinquency rates during Q2 of 2011. Post-recession, percent of delinquent dollars stayed around 5% throughout 2010. We saw a spike in January 2011 to 6%, followed by a drop back to 5% in June 2011. This is a very important leading indicator for the overall health of economy, and implies that the situation slightly improved from the beginning of the year.

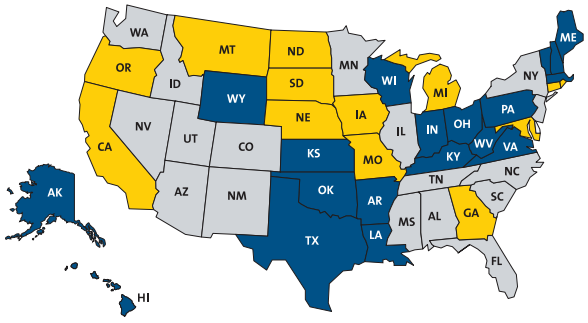


- **Insight 3:** There were multiple variations in failure and delinquency rates by industry. On average, both were trending downward, with a 2% decrease in failure rates and a 7% drop in delinquency rates. Yet there was also variation amongst the industries. The top three industries with the highest failure rates continue to be Transportation, Construction and Financial Services—with the Transportation industry having a failure rate 66% higher than the U.S. average. Industries with the lowest failure rates were Natural Resources, Utilities, and Other Services. Delinquency rates across all industries declined from June 2010 to June 2011, with industries such as Financial Services and Telecommunications having double digit declines in their delinquency rates. In this quarter, Manufacturing, Construction, and Telecommunications had the highest delinquency rates, and Natural Resources, Real Estate, and Insurance continued to have the lowest delinquency rates.



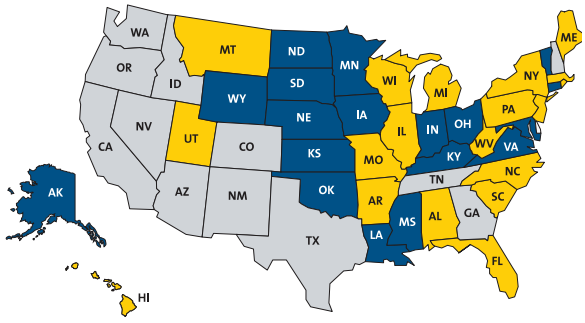
- **Insight 4:** Along with variations in failure and delinquency rates among industries, there was also variation among states—with far more extreme increases and decreases witnessed from June 2010 to June 2011. Nevada remains the state with both the highest failure and delinquency rates, as well as the highest increase in delinquency rates—a 41.3% spike during the year analyzed. West Virginia has the lowest delinquency rates, whereas North Dakota has the lowest failure rates. Alaska continued to be the state with one of the lowest delinquency and failure rates—with a 32% decrease in failure rates from June 2010 to June 2011.

Deliquency Rates by State



Low Delinquencies less than 13
Mid Delinquencies between 13 and 15
High Delinquencies greater than 15

Failure Indexes by State



Low Failure Index less than 0.75
Mid Failure Index between 0.75 and 0.99
High Failure Index greater than 1.00

We encourage you to explore the full report below for more detailed information, context and insights, including by industry sector and state. This type of information is designed to provide a more personalized and actionable view of current risk trends based on the unique characteristics of your business.

Editor's Note: *Independent of the samples used in this report, any failure rate comparison is likely to underestimate the actual extent of economic hardship. It is relatively simple for many businesses to cease operating without leaving debt or filing for bankruptcy. Numerous business owners have simply stopped operating their businesses or reduced their hours—or found other sources of income such as consulting, contracting or professional services—yet they have not officially or legally closed their doors. Such data would be examples of the additional "hidden failures" that may not be captured in this report. The positive delinquency trend, reported here, is also based on businesses where we have trade information. There are many small businesses that behave more like consumers, where we do not have trade, and their hardship is likely to be reflected in consumer bureau data.*

2. Characteristics and Trends of Business Failures

Current U.S. Business Failure Trends

> ***Insight 1:*** *Although the U.S. Government reported a decline in the number of bankruptcies by over 9% from June 2010 to June 2011, D&B finds this number to be non-representative of the hidden failures present in the market. Instead, D&B has found the number of business failures grew from 86,678 to 88,164—**a 1.71% increase year over year.** The number of failures is 68% higher than recorded bankruptcies in the same period.*

D&B believes there are a significant number of "hidden" business failures not captured by official bankruptcy statistics (e.g. filings for Chapters 7, 11 and 13 of the bankruptcy code). D&B bases its estimates of overall business failures on a more detailed analysis including recent payment trends and behaviors such as delinquencies and charge-offs as well as other business failure metrics recorded in D&B's global database. In the 12 months ending in June 2011, there were 88,164 business failures—68% more than the official bankruptcies reported by the U.S. Government. Irrespective of the economic cycle, actual failures will always be higher than filed bankruptcies. From a trends perspective, the failure numbers are 1.71% higher than the business failures recorded in the year before.

Figure 1: Reported Bankruptcies and Estimates of U.S. Business Failures

Metric	A. Number of Bankruptcies Reported by U.S. Government	B. D&B Estimate of Business Failures
Estimate June-10	59,222	86,678
Estimate June-11	52,620	88,164
% YOY Change	-9.62%	1.71%
Source/Definition	Administrative Office of the U.S. Courts (www.uscourts.gov)	Includes D&B investigation of businesses' lack of response or an inability to verify after multiple attempts that it is a going concern; confirmation of business failure with outstanding debt; and severe delinquency in prior periods.

As column A shows, the number of formal bankruptcy filings in the 12 months ending June 2011, as reported by the U.S. government, decreased by 9.62% to 52,620 from 59,222 in June 2010. However, these formal bankruptcy filings tend to understate overall failure rates by not capturing the hidden failures, i.e. businesses simply ceasing to operate without leaving debt or officially or legally closing their doors.

To account for these "hidden failures," D&B uses a proprietary, expanded methodology to gauge a broader definition of business failure. This methodology includes:

- Investigating a business's lack of response or an inability to verify after multiple attempts that it is a going concern
- Confirmation of business failure with outstanding debt
- Severe delinquency in prior periods

This expanded methodology uncovers significant additional hidden business failures in the U.S. as of June 2011; as indicated in column B, D&B estimates that over 88,000 businesses in the U.S. failed in the 12 months ending June 2011, which is 68% higher than the number of bankruptcies reported by official filings. D&B believes these higher statistics more accurately depict failure rates and economic risks for the U.S. economy. From a trend perspective, the most important finding is the increase in the number of failures by 1.7%.

We do not believe that the increase in number of failures should be a huge cause of concern. We are comparing two year-long periods—both post recession. Some fluctuations in numbers are natural. Another important comparison would be to look at the previous quarter's report. We publish annualized numbers rather than quarterly numbers in our report—number of failures in 12 months ending in June 2011 was 89,675. Nine out of the twelve months reported (July 2010 through June 2011) are in common with the current report. Current statistics implies failure numbers are actually lower for second quarter of 2011 compared to second quarter of 2010.

Editor's Note: *The data in this section reflects the universe of credit active businesses in the D&B database as of June 30, 2011.*

3. Payment Trends as Leading Indicators of Business Failure

Proactive assessments and decisions require more than bankruptcy and failure data

For every business that files for bankruptcy, there is an entire network of suppliers and customers that have already felt a tangible impact due to missed deadlines, late payments and other events and indicators that pre-date a legal filing.

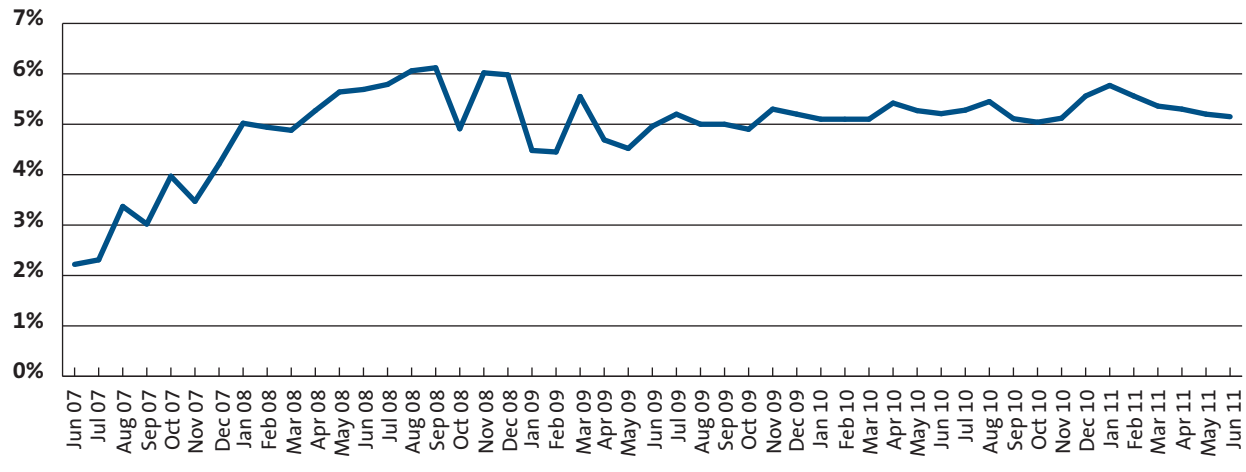
D&B's proprietary global trade database tracks the historical payment information that can be used to predict the financial instability of customers and suppliers and their likelihood of business failure—before it impacts your business. D&B archives years of a business's monthly payment history, capturing every reported severe delinquency and charge-off.

Trends in Monthly Delinquency Rates

Editor's Notes: *(a) The analyses in this section are based on month-to-month information, enabling the reader to observe trends on a more granular basis and therefore to understand more immediate and/or subtle changes not reflected in rolling 12-month averages. (b) The data in this section of the report reflect a random, statistically significant sample from the D&B database of 34 million active U.S. businesses.*

> ***Insight 2:*** *There has been a downward trend in delinquency rates during Q2 of 2011. Post-recession, percent of delinquent dollars stayed around 5% throughout 2010. We saw a spike in January 2011 to 6%, followed by a drop back to 5% in June 2011. This is a very important leading indicator for the overall health of the economy, and implies that the situation slightly improved from the beginning of the year.*

Figure 2: Percentage of Dollars at 91+ Days Past Due



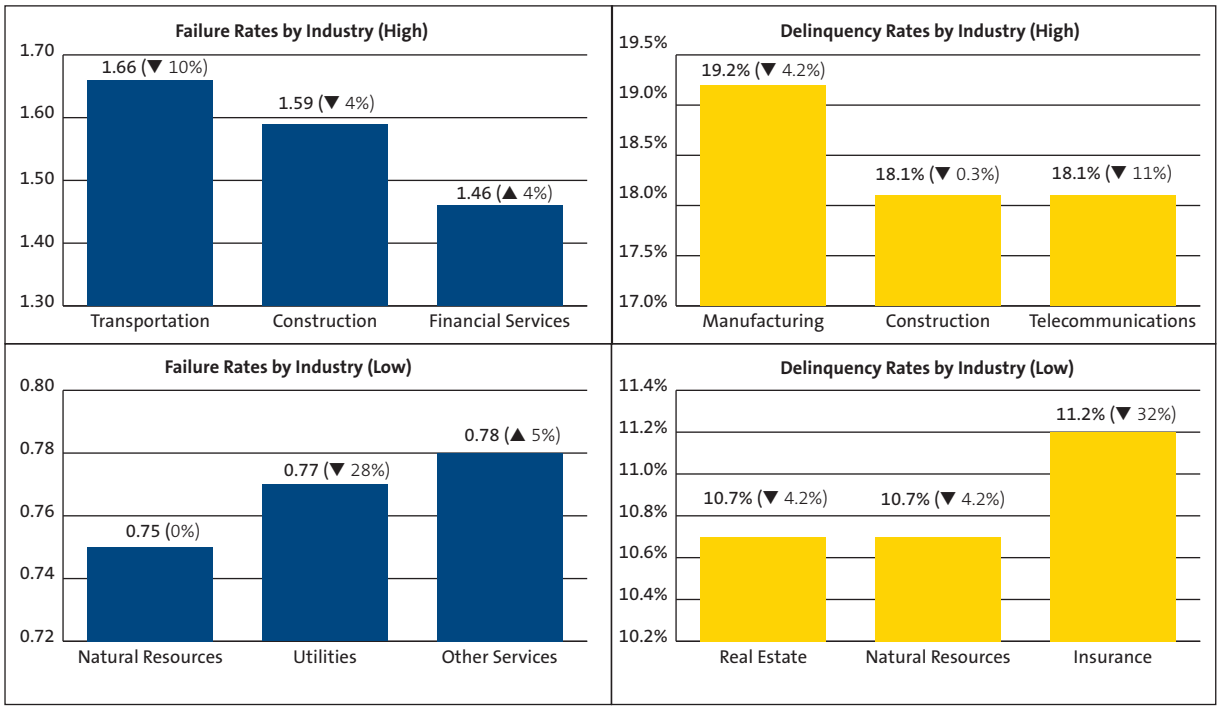
Observations worth noting:

- **Delinquency rates are trending downward**—there was a decrease in dollar based severe delinquency rate in Q2 compare to the previous quarter.
- **Delinquency rate changes lead business failure changes**—there were sharp increases in delinquencies leading to the 2008–09 recession from middle of 2007 to September of 2008. Throughout 2010, the percentage of delinquent dollars showed some volatility but not a sharp steady increase. There was a significant increase in December 2010 to January 2011. Yet since then, delinquency rates have been trending downward.

4. Variations across Industries and Regions in Failure and Delinquency

Failure Trends and Delinquency Rates by Industry

Insight 3: *There were multiple variations in failure and delinquency rates by industry. On average, both were trending downward, with a 2% decrease in failure rates and a 7% drop in delinquency rates. Yet there was also variation amongst the industries. The top three industries with the highest failure rates continue to be Transportation, Construction and Financial Services—with the Transportation industry having a failure rate 66% higher than the U.S. average. Industries with the lowest failure rates were Natural Resources, Utilities, and Other Services. Delinquency rates across all industries declined from June 2010 to June 2011, with industries such as Financial Services and Telecommunications having double digit declines in their delinquency rates. In this quarter, Manufacturing, Construction, and Telecommunications had the highest delinquency rates, and Natural Resources, Real Estate, and Insurance continued to have the lowest delinquency rates.*



Failure Indexes by Industry

Industries with Highest Failure Rates

- Transportation remains the top industry with a failure rate 66% higher than the average across all industries, and Construction continues to have the second highest failure rate—59% higher than the average. Financial Services saw a 4% increase in failure rates, which places it in the top three industries with the highest failure rates replacing the Telecommunications industry decreasing failure rates by 20% from the previous year.
- Among all industries, there was a slight decrease in overall failure rate by 2%. Other Services, Real Estate, Financial Services, Retail, and Automotive all increased in failure rates, ranging from a 1–5% increase.

Failure Index is calculated as a failure rate for industry divided by average failure rate for U.S. overall in the same year.

Figure 3: Industries with Highest Failure Rates

June 2010 Failure Index		June 2011 Failure Index		Largest Change June 2011 vs. June 2010	
Transportation	1.80	Transportation	1.66	Other Services	5%
Construction	1.61	Construction	1.59	Real Estate	4%
Telecommunications	1.39	Financial Services	1.46	Financial Services	4%
All Industries	**1.00**	**All Industries**	**1.00**		**-2%**

Industries with Lowest Failure Rates

- The top industries with the lowest failure rates from June 2010 to 2011 were Natural Resources, Other Services and Business Services. Other Services had the third lowest failure rates despite a 5% increase in failure rates, and Natural Resources continued to hold the top position, maintaining a 0% change year over year.
- Utilities, Telecommunications, and Manufacturing industries have the largest improvement from June 2010 to June 2011.

Figure 4: Industries with Lowest Failure Rates

June 2010 Failure Index		June 2011 Failure Index		Largest Change June 2011 vs. June 2010	
Natural Resources	0.73	Natural Resources	0.75	Utilities	-28%
Other Services	0.73	Utilities	0.76	Telecommunications	-20%
Business Services	0.84	Other Services	0.78	Manufacturing	-13%
All Industries	**1.00**	**All Industries**	**1.00**		**-2%**

Editor's Note: *Detailed data on failure rates by industry can be found in the Appendix A.*

Delinquency Rates by Industry

Industries with Highest Delinquency Rates

- The Telecommunications industry's delinquency rates declined by over 11% from June 2010 to June 2011, moving it from the top industry to the industry with the third highest delinquency rate. Manufacturing, although decreased by 4%, now holds the highest delinquency rate. (See Appendix B).
- The Transportation industry has decreased its delinquency rate by more than 7%, and was replaced by the Construction industry—which had the smallest improvement in delinquency rates by under 1% from June 2010 to June 2011.

Figure 5: Industries with Highest Delinquency Rates

June 2010 % of Businesses with 90+ Days Past Due		June 2011 % of Businesses with 90+ Days Past Due		Smallest Improvement June 2011 vs. June 2010	
Telecommunications	20.4%	Manufacturing	19.2%	Construction	-0.3%
Manufacturing	20.1%	Construction	18.1%	Natural Resources	-1.1%
Transportation	18.9%	Telecommunications	18.1%	Other Services	-3.2%

Industries with Lowest Delinquency Rates

- Natural Resources, Real Estate, and Insurance continue to hold the top three positions of lowest delinquency industries, with each industry continuing to decrease their delinquency rates by about 3–4% from June 2010 to June 2011.
- Financial Services, Telecommunications and Business Services industries have the largest drop in delinquency rate from June 2010 to June 2011.

Figure 6: Industries with Lowest Delinquency Rates

June 2010 % of Businesses with 90+ Days Past Due		June 2011 % of Businesses with 90+ Days Past Due		Largest Change June 2010 vs. June 2011	
Natural Resources	10.8%	Natural Resources	10.7%	Financial Services	-12.6%
Real Estate	11.2%	Real Estate	10.7%	Telecommunications	-11.4%
Insurance	11.7%	Insurance	11.2%	Business Services	-8.1%

Editor's Note: *Detailed data on industry delinquency rates can be found in Appendix B.*

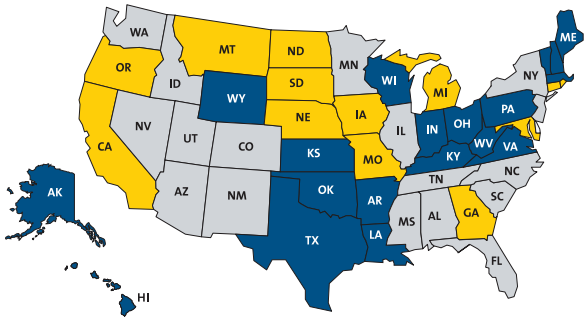
Industry Failure Rate and Delinquency Rate Correlation

- We continue to see very high delinquency and failure rates for the Telecommunications industry; however, the industry continues to improve at a steady pace. The Telecommunications industry had the second largest drop in failure rates—20%—and an 11% decrease in delinquency rates from June 2010 to June 2011.
- The Construction industry continues to hold the second highest position in both delinquency rates and failure rates; yet, is showing a slight improvement from June 2010 to June 2011 with a 4% decrease in failure rates and less than 1% decrease in delinquency rates.
- Natural Resources continued to hold the top position for both lowest delinquency rates and lowest failure rates. The industry maintained slight improvements in delinquency rates, and had a delinquency rate 26% lower than the average across all industries.

Failure Trends and Delinquency Rates by Industry

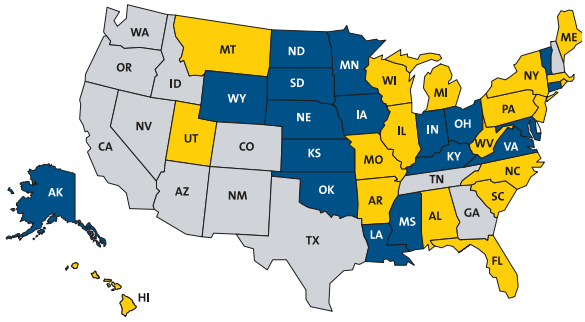
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Deliquency Rates by State



Low Delinquencies less than 13
Mid Delinquencies between 13 and 15
High Delinquencies greater than 15

Failure Indexes by State



Low Failure Index less than 0.75
Mid Failure Index between 0.75 and 0.99
High Failure Index greater than 1.00

Failure Indexes by State

States with Highest Failure Rates

- Due to the continued residential housing instability and drop-off in the tourism, travel and hospitality sectors, Nevada and California failure rates still rank among the highest, with Nevada and California increasing their failure rates by 2% and 1%, respectively. New Hampshire is no longer in the top three highest failure rates and moved to the 7th worst place, with a 23% decrease in failure rates from June 2010 to June 2011.
- The next cluster is formed by Colorado, Washington, Oregon, Tennessee, and New Hampshire—30% higher than national average.
- Michigan is slightly below the national average, with a decline of 13% from June 2010 to June 2011, signaling the improvement in the auto industry. (See Appendix C)
- Wyoming had the largest increase in failure rates during June 2010 to June 2011—with an increase of over 40% in failure rates.

Figure 7: States with Highest Failure Rates

June 2010 Failure Index		June 2011 Failure Index		Largest Change June 2011 vs. June 2010	
Nevada	2.06	Nevada	2.16	Wyoming	42%
California	1.78	California	1.85	Utah	18%
New Hampshire	1.50	Colorado	1.38	Iowa	14%
All States	**1.00**	**All States**	**1.00**		**-2%**

States with Lowest Failure Indexes

- North Dakota remains the state with the lowest failure rates during June 2010 to June 2011.
- States such as Vermont, Alaska, Kansas, and Wyoming continue to have lower failure rates, which reflect the predominantly stable presence of agriculture in more rural states.

Figure 8: States with Lowest Failure Rates

June 2010 Failure Index		June 2011 Failure Index		Largest Change June 2011 vs. June 2010	
North Dakota	0.32	North Dakota	0.30	Alaska	-32%
Wyoming	0.41	Vermont	0.46	New Hampshire	-23%
Louisiana	0.47	Alaska	0.47	Montana	-22%
All Industries	**1.00**	**All Industries**	**1.00**		**-2%**

Editor's Note: *Detailed data on state failure indexes can be found in Appendix C.*

Delinquency Rates by State

States with Highest Delinquency Rates

- The states with the highest delinquency rates are Nevada, Arizona, and Utah. These states are still doing much worse than the rest of the country with delinquency rates 37%–86% higher than the national average.
- Georgia, which previously ranked second with the highest delinquency rates, decreased by over 40% during June 2010 to June 2011.
- Nevada also ranked the worst in delinquency and had a significant increase in delinquency rates by over 40% in June 2010 to June 2011, signaling the hardships the state continues to endure.

Figure 9: States with Highest Delinquency Rates

June 2010 % of Businesses with 90+ Days Past Due		June 2011 % of Businesses with 90+ Days Past Due		Largest Change June 2011 vs. June 2010	
Mississippi	23.5%	Nevada	26.8%	Nevada	41.3%
Georgia	22.9%	Arizona	20.3%	Illinois	10.5%
Alabama	22.6%	Utah	19.7%	South Dakota	8.9%

States with Lowest Delinquency Rates

- West Virginia and Alaska continues to be the top two states with the lowest delinquency rates in the country, with Maine and Vermont tied for third position. West Virginia continues to decline in delinquency rates, dropping nearly 15% from June 2010 to June 2011.
- Louisiana, Georgia, and Mississippi represent that largest improvement in delinquency rate over prior year, with Louisiana showing a staggering 42.6% decrease in delinquency rates from June 2010 to June 2011.

Figure 10: States with Lowest Delinquency Rates

June 2010 % of Businesses with 90+ Days Past Due		June 2011 % of Businesses with 90+ Days Past Due		Largest Change June 2011 vs. June 2010	
West Virginia	7.4%	West Virginia	6.3%	Louisiana	-42.6%
Alaska	8.7%	Alaska	8.7%	Georgia	-39.6%
Maine	9.4%	Maine/Vermont	9.6%	Mississippi	-25.4%

Editor's Note: *Detailed data on state delinquency rates can be found in Appendix D.*

State Failure Index and Delinquency Rate Comparison

- Nevada continues to struggle as a state, with both the highest failure rates and delinquency rates—116% and 86% respectively higher than the national average. The state experienced a 2% increase in failure rates and a 41% increase in delinquency rates, the largest increase across the U.S. from June 2010 to June 2011.
- Louisiana had the largest decrease in delinquency rates, dropping by 42.6%, and one of the largest increases in failure rates, jumping 13%. With below average companies out of way, the rest of the state businesses look much healthier.
- Year over year change in delinquency rates and failure rates among the states was exceptionally variable, with some states experiencing large increases and others with deep decreases. For example, across the U.S. delinquency rates decreased in 26 states, increased in 23 and remained constant in 2. Failure rates decreased in 32 states, increased in 12 and remained constant in 3. Overall, both delinquency and failure rates are trending downward, yet analysis by states shows much more volatility.

5. Economic Snapshot

The GDP figures for Q2 showed that the economy is much weaker than previously thought. Not only did the economy expand by a meager 1.3% in annualized terms in Q2, but Q1 growth was revised downward from 1.9% to just 0.4%. Personal consumption has stalled, and fixed investment levels remain below those of late 2007. The downturn is broad-based, and forward indicators suggest it will worsen before it improves. Inflation remains uncomfortably high; the absence of rapid job growth is unsettling; the housing market remains stuck in a severe depression; and the financial market volatility that has gripped markets since August is eroding business confidence. We expect businesses will continue to face high levels of uncertainty and risk across a number of sectors and sub-regions throughout the rest of 2011.

With manufacturing orders falling for the second consecutive month in August, many firms are likely to scale down production in the coming months. With domestic and external demand softening, the quarters ahead are likely to be the toughest for many firms in both the manufacturing and services sectors since the recession of 2008–09. With so few clear signs of economic improvement, the average U.S. consumer, who remains heavily indebted, will continue to focus on paying down debt at the expense of consumption. Weak consumer spending, the core driver of the U.S. economy, will continue to weigh on key sectors such as construction and transportation as well as manufacturing.

The government spending and loose monetary policy of the Federal Reserve that helped drive the early stages of the recovery will provide little support to the economy throughout the rest of 2011. Politicians are now focused on spending cuts and putting in place a sustainable medium-term fiscal framework. Ultimately, the large fiscal deficits of the past three years and the rapidly expanded debt represent a burden that now threatens to be passed on to households and businesses in the form of cuts to spending and services, taxes, higher interest rates and inflation. In the immediate term, however, spending cuts will almost certainly provide an additional drag an already-sluggish economy.

6. Recommendation to Businesses

For some businesses, failure may be unavoidable; however, as this report shows, failure does not have to come as a surprise to suppliers, clients, and business partners who have armed themselves with the necessary data and insights.

Using delinquency rates and balances past due, business owners can effectively and proactively anticipate customers' and partners' future financial health and propensity to fail. It is important for businesses to regularly and systematically review this data as part of their overall business planning process and day to day operations.

In challenging economic times, looking at past performance and historical trends/measures is not enough. One should also consider the use of predictive scores. The ability to forecast delinquencies and even failures are crucial elements in a well rounded decisioning scorecards or even when using simple "eye ball analysis" for manual reviews. This refinement or balancing of historical inputs with predictive indicators can significantly enhance the overall results that are achieved. Armed with delinquency rates for customers and business partners as well as business failure data, among industries and states, business owners can take specific steps, including:

When a customer or business partner shows negative trends:

- Revise collection behavior to minimize outstanding AR and limit customer exposure
- Tighten pricing and terms by industry or region

When a customer or business partner shows stable or positive trends in delinquency:

- Expand their credit line and encourage revenue growth
- Look for new products and services that might expand their relationship with this customer

It really is about using all the available tools to enable your own success and to mirror the appropriate go to market strategy for your companies. Incorporating these types of portfolio analytics and metrics (regional and state trends, industry specific delinquency detail, etc.) are what best-in-class companies do to drive their success.

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Failure Index by Industry

Major Industry	Failure Index 2010 Q2	Failure Index 2011 Q2	% Change in Failure Rate
Automotive	1.32	1.37	1%
Business Services	0.84	0.83	-3%
Construction	1.61	1.59	-4%
Financial Services	1.37	1.46	4%
Insurance	1.01	0.90	-13%
Manufacturing	1.39	1.23	-13%
Natural Resources	0.73	0.75	0%
Other Services	0.73	0.78	5%
Real Estate	1.12	1.20	4%
Retail	1.21	1.28	3%
Telecommunications	1.39	1.14	-20%
Transportation	1.80	1.66	-10%
Utilities	1.03	0.77	-28%
Wholesale	1.13	1.17	0%
All	**1.00**	**1.00**	**-2%**

NOTE: *D&B does not include the Government industry when calculating the rate of bankruptcies, failures and delinquencies.*

Delinquency Rates by Industry

	91+ DPD July 2009 to June 2010	91+ DPD July 2010 to June 2011	% Change in Delinquency Rate
Automotive	18.8%	17.7%	-5.4%
Business services	14.1%	12.9%	-8.1%
Construction	18.2%	18.1%	-0.3%
Financial services	16.4%	14.4%	-12.6%
Insurance	11.7%	11.2%	-3.6%
Manufacturing	20.1%	19.2%	-4.2%
Natural resources	10.8%	10.7%	-1.1%
Other services	13.4%	13.0%	-3.2%
Real estate	11.2%	10.7%	-4.7%
Retail	17.0%	15.7%	-7.9%
Telecommunications	20.4%	18.1%	-11.4%
Transportation	18.9%	17.5%	-7.6%
Utilities	14.7%	14.0%	-4.7%
Wholesale	18.4%	17.3%	-6.1%
All	**15.5%**	**14.4%**	**-7.0%**

Failure Index by State

State	Failure Index 2010 Q2	Failure Index 2011 Q2	% Change in Failure Rate
AK	0.67	0.47	-32%
AL	1.03	0.92	-13%
AR	0.90	0.77	-17%
AZ	1.09	1.06	-5%
CA	1.78	1.85	1%
CO	1.39	1.38	-4%
CT	0.63	0.58	-10%
DE	0.81	0.79	-4%
FL	0.80	0.91	12%
GA	0.99	1.01	0%
HI	0.96	0.99	0%
IA	0.48	0.56	14%
ID	1.12	1.08	-6%
IL	0.98	0.94	-7%
IN	0.81	0.69	-16%
KS	0.60	0.57	-6%
KY	0.66	0.58	-14%
LA	0.47	0.54	13%
MA	0.82	0.78	-7%
MD	0.69	0.72	3%
ME	0.90	0.88	-5%
MI	1.08	0.97	-13%
MN	0.68	0.65	-7%
MO	0.76	0.78	0%
MS	0.54	0.53	-3%
MT	0.99	0.79	-22%
NC	0.82	0.84	1%
ND	0.32	0.30	-9%
NE	0.62	0.61	-4%
NH	1.50	1.18	-23%
NJ	0.92	0.90	-4%
NM	1.05	1.06	-1%
NV	2.06	2.16	2%
NY	0.79	0.84	3%
OH	0.84	0.72	-16%
OK	0.68	0.62	-10%
OR	1.32	1.29	-4%
PA	0.88	0.86	-5%
RI	0.88	0.87	-3%
SC	0.97	0.86	-13%
SD	0.68	0.68	-4%
TN	1.30	1.27	-5%
TX	1.04	1.00	-5%
UT	0.63	0.77	18%
VA	0.61	0.60	-4%
VT	0.53	0.46	-16%
WA	1.29	1.31	-1%
WI	0.83	0.85	-1%
WV	0.73	0.82	9%
WY	0.41	0.60	42%
ALL	**1.00**	**1.00**	**-2%**

Delinquency Rates by State

State	91+ DPD Plus July 2009 to June 2010	91+ DPD Plus July 2010 to June 2011	% Change in Delinquency Rate
AK	8.7%	8.7%	0.6%
AL	22.6%	18.4%	-18.7%
AR	10.8%	10.1%	-6.0%
AZ	20.1%	20.3%	1.0%
CA	15.9%	14.9%	-6.5%
CO	16.2%	15.6%	-3.6%
CT	15.4%	14.9%	-3.1%
DE	15.2%	15.2%	0.0%
FL	19.8%	18.3%	-7.7%
GA	22.9%	13.8%	-39.6%
HI	11.2%	9.7%	-13.5%
IA	12.9%	13.3%	2.8%
ID	16.7%	16.7%	0.0%
IL	15.6%	17.3%	10.5%
IN	12.0%	12.0%	0.1%
KS	11.4%	11.5%	0.8%
KY	15.7%	11.8%	-24.4%
LA	17.6%	10.1%	-42.6%
MA	12.1%	12.0%	-0.7%
MD	15.1%	13.7%	-9.6%
ME	9.4%	9.6%	1.9%
MI	15.3%	14.5%	-5.1%
MN	15.0%	16.1%	7.2%
MO	13.4%	14.0%	4.4%
MS	23.5%	17.5%	-25.4%
MT	14.2%	13.9%	-2.1%
NC	17.6%	16.5%	-5.9%
ND	12.3%	13.2%	6.9%
NE	12.8%	13.5%	5.2%
NH	9.9%	10.1%	2.1%
NJ	15.8%	16.2%	2.4%
NM	17.7%	19.0%	7.5%
NV	18.9%	26.8%	41.3%
NY	15.1%	15.1%	-0.2%
OH	11.4%	11.7%	3.0%
OK	10.6%	10.2%	-4.1%
OR	13.5%	14.1%	4.8%
PA	12.0%	11.4%	-4.8%
RI	14.5%	14.5%	-0.2%
SC	19.0%	15.3%	-19.3%
SD	13.1%	14.3%	8.9%
TN	19.5%	17.5%	-10.4%
TX	13.0%	12.8%	-1.4%
UT	18.8%	19.7%	4.4%
VA	10.6%	10.8%	1.6%
VT	9.5%	9.6%	1.1%
WA	14.4%	15.1%	4.9%
WI	12.6%	12.3%	-1.9%
WV	7.4%	6.3%	-14.9%
WY	12.2%	12.9%	5.7%
ALL	**15.47%**	**14.39%**	**-7.02%**