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Equifax Study Shows Improvement and Weakness in Small Business Bankruptcy Trends

- Bankruptcy Petitions Decline in Q4 2010, California Continues to Exert Economic Pressure -

ATLANTA, March 16, 2011 /PRNewswire/ -- Recognizing the impact of small firms on the health of today's economy, [Equifax](#) (NYSE: EFX) conducted an extensive study on 2010 bankruptcy trends among the nation's more than 24 million small businesses. Equifax data showed that small business bankruptcy petitions dropped in many areas extending from coast to coast, with some Western regions experiencing sharp declines. While bankruptcy rates have decelerated in many U.S. regions, small business economic turmoil in California remained high throughout 2010 and accounted for nearly 20% of the country's business failures.

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"For small businesses, the road to economic recovery was marked by a number of challenges in 2010 and many states such as California and Oregon face an uphill battle in the months ahead," said Dr. Reza Barazesh, senior vice president, Equifax Commercial Information Solutions. "Despite these hurdles, the landscape is showing some signs of improvement. Our recent analysis indicates that bankruptcy trends are easing and creating an environment that is more conducive to cultivating small business growth."

Focusing on the Q4 2009 to Q4 2010 timeframe, this Equifax study analyzed national bankruptcy trends by metropolitan statistical area (MSA). While high bankruptcy rates continue to put pressure on geographies across the country, 10 of the top 15 MSA's with the greatest number of small business bankruptcies in Q4 2010 experienced a year-over-year drop from Q4 2009. Declining more than any other MSA was the Chicago-Naperville area, which saw a 30.13% decrease year-over-year in Q4 2010. Following behind were a number of California MSA's, many of which reported double-digit decreases during the same time period. However, the news was not positive on all fronts, with five MSA's experiencing a year-over-year rise in bankruptcy rate. One surprising result involved the Wisconsin-Rest of State MSA, which saw a 16.52% jump in small business bankruptcies from Q4 2009 to Q4 2010 – more than any other MSA on the top 15 list below.

MSA	Total Q4 2009	Total Q4 2010	% of Change
Los Angeles-Long Beach -Glendale, CA	1082	1230	13.68%
Riverside-San Bernardino -Ontario, CA	705	642	-8.94%
Houston-Sugar Land-Baytown, TX	411	445	8.27%
Sacramento-Arden-Arcade -Roseville, CA	533	424	-20.45%
San Diego-Carlsbad-San Marcos CA	438	389	-11.19%
Denver-Aurora, CO	463	368	-20.52%
Santa Ana-Anaheim-Irvine, CA	410	365	-10.98%
Portland-Vancouver-Beaverton, OR-WA	407	333	-18.18%
Dallas-Plano-Irving, TX	367	327	-10.90%
California - Rest of State	352	300	-14.77%
Oakland-Fremont-Hayward, CA	293	286	-2.39%
Wisconsin-Rest of State	236	275	16.52%
New York-White Plains-Wayne, NY-NJ	270	272	0.74%
San Jose-Sunnyvale-Santa Clara CA	248	266	7.26%
Chicago-Naperville-Joliet, IL	375	262	-30.13%
Total	6590	6184	-6.16%

While the total number of bankruptcies among the top 15 MSA's with the highest number of small business bankruptcies in Q4 2010 declined 6.16% from 6,590 in Q4 2009 to 6,184 in Q4 2010, California's economic woes continued through the end of 2010. Equifax data shows that at least six California metro areas made the list of top 15 MSA's with the highest number of small business bankruptcies from Q4 2009 to Q4 2010. In fact, California's impact is revealed in other ways. Equifax analysis shows that among the top 15 MSA's reporting the highest number of bankruptcies, California metro areas in this group comprised 17.41% of all U.S. bankruptcies petitions in Q4 2009 and reached a high point of 19.89% in the last quarter of 2010. Further analysis shows that all California MSA's – 22 in total- accounted for nearly a quarter of U.S. small business bankruptcy petitions from Q4 2009 to Q4 2010. The chart and table below provide a more in-depth look at the key role California has played in national bankruptcy trends.

MSA Group	Bankruptcy Total Q4 2009	Bankruptcy Total Q4 2010
Total Bankruptcies - CA MSAs in Top 15	4,016	3,902
Total U.S. Bankruptcies - All MSAs	23,319	19,616
CA MSAs in Top 15 as % of All US Bankruptcies	17.41%	19.89%

Chart 1: California Bankruptcies (Top 15 MSA's as a Percent of All Bankruptcies, Total California Bankruptcies as a Percent of Total U.S. Bankruptcies)

As part of the study, Equifax also analyzed the 15 metro areas with the fewest small business bankruptcy filings in the fourth quarter of 2010. Our analysis revealed that 12 of the 15 MSA's saw a decline in the number of bankruptcy petitions from Q3 2010 to Q4 2010 and the total number of bankruptcy filings for these 15 metro areas decreased by 50% in Q4 2010 year-over-year. As the table below shows, all of these MSA's reported 9 bankruptcies or less during Q4 2010.

MSA	Bankruptcy Total Q4 2009	Bankruptcy Total Q3 2010	Bankruptcy Total Q4 2010
Kingsport-Bristol, TN-VA	18	6	9
Baton Rouge, LA	18	17	9
Erie, PA	16	24	9
Gulfport-Biloxi MS	10	13	9
Amarillo, TX	17	5	8
Charleston, WV	9	6	8
Killeen-Temple-Fort Hood TX	20	23	7
Binghamton, NY	16	13	7
South Bend-Mishawaka, IN-MI	18	7	6
Trenton-Ewing, NJ	12	7	6

Shreveport-Bossier City, LA	9	7	6
Lafayette, LA	7	11	5
Gainesville, Fl.	6	8	5
Davenport-Moline-Rock Island, IA-IL	17	11	4
Lynchburg, VA	14	11	3
Total	207	169	101

For this study, Equifax applied analytics to identify the total number of small businesses and define the MSA's within the sample population. Equifax classifies a small business as a commercial entity of less than 100 employees. As part of the study, Equifax analyzed Chapter 7, 11 and 13 filings. Chapter 7 is a liquidation proceeding in which a debtor receives a discharge of all debts, while Chapters 11 and Chapter 13 are reorganization bankruptcies that allow individuals and companies to pay off debt over a set period of years. To learn more about Equifax Small Business Solutions, visit www.equifaxsmallbusiness.com.

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