General information applicable to Phoenix Company is provided below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2006** | **2005** | **2004** | **2003** | **2002** | **Ind. Average** |
| Debt Ratio (Book-based) | 72% | 69% | 66% | 60% | 58% | 64% |
| TIE | 3.5 | 4.0 | 5.9 | 4.8 | 7.2 | 7.0 |
| Bond Rating (S&P) | BB- | BB | BB+ | BBB+ | AA- | NA |
| **Debt to Equity ratio** | **?** | **?** | **?** | **?** | **?** | **?** |

First of all, calculate the Debt-to-Equity ratio for Phoenix Company for all five years and also calculate the Debt-to-Equity ratio applicable to Phoenix's industry sector (Industry Average) Secondly, comment on the long-term debt-paying ability of this company based on the information provided. Identify items that give you concerns about this company and its financial strengths/weaknesses.