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Perella Weinberg Advises on Health Of Bond Insurers

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NEW YORK—The New York State Insurance Department has hired Wall Street firm **Perella Weinberg Partners** for advice on the financial health of bond insurers.

A spokesman for the department, whose chief Eric Dinallo held a meeting last week with executives of several top Wall Street firms to explore alternatives for the insurers, confirmed the assignment but declined to elaborate.

The bond insurers' backing for about \$2.4 trillion in municipal bonds and structured securities, some of which have plummeted in value in the recent credit crunch, has been called into question by a threatened credit-rating downgrade. That could worsen losses for both Wall Street firms and bond investors.

The Perella Weinberg assignment focuses on protecting policyholders who are customers of so-called monoline insurers, which include **Ambac Financial Group Inc.** and **MBIA Inc.**, according to people familiar with the assignment. The protection could take the form of a backup line of credit from Wall Street banks and securities firms, or capital infusions from outside parties, the same people said. Such steps could be taken on a company-by-company basis, or industrywide, they added.

While such insurers historically focused on insuring municipal bonds, in recent years their business has expanded to include structured debt such as collateralized debt obligations, which are backed by pools of mortgages, which have been hard hit by the steep decline in the value of subprime mortgages extended to the riskiest borrowers.

Founded in 2006 by Joseph Perella and Peter Weinberg, who are alumni of Morgan Stanley and Goldman Sachs Group Inc., Perella Weinberg provides independent advice on acquisitions and other deals, and asset management services.