

VICTORIA PEAK INTERNATIONAL FINANCE LIMITED

To the Distributors of the Notes:

Bank of China (Hong Kong) Limited	Chiyu Banking Corporation Limited
CITIC Ka Wah Bank Limited	Core Pacific-Yamaichi International (H.K.) Limited
ICEA Securities Ltd.	Chong Hing Bank Limited
Nanyang Commercial Bank, Limited	Shanghai Commercial Bank Limited
Tai Fook Securities Co. Ltd.	Wing Hang Bank, Ltd.
Wing Lung Bank Limited	

Octave Notes Series 3

USD Credit-Linked Secured Callable Fixed Rate Notes due 2010 (ISIN: XS0218381365) ("Tranche A Notes")

USD Credit-Linked Secured Callable Variable Rate Notes due 2010 (ISIN: XS0218380987) ("Tranche B Notes")

HKD Credit-Linked Secured Callable Fixed Rate Notes due 2010 (ISIN: XS0218380474) ("Tranche C Notes")

HKD Credit-Linked Secured Callable Variable Rate Notes due 2010 (ISIN: XS0218381522) ("Tranche D Notes")

(each a "Tranche" and the notes of any or all Tranches, the "Notes") issued by Victoria Peak International Finance Limited pursuant to its Retail Note Programme (the "Programme")

We refer to our notices to distributors of the Notes dated 1 December 2008, 8 December 2008, 11 December 2008 and 31 March 2009 informing you of recent credit events which have occurred in relation to the Underlying Securities for the Notes and the related loss calculations.

As previously, although we are under no obligation to provide information in respect of the Notes or the Underlying Securities beyond that specified in the Offering Documents, in the present exceptional circumstances we believe it may be helpful to write to all Distributors to provide this further written information in relation to the Notes.

Since we sent these notices to you, a Credit Event has occurred in respect of Idearc Inc. Whilst this is not a Company under the Notes, it is a Reference Entity under certain Reference Transactions which are referenced by the Master Swap Transaction for the Underlying Securities. Although Idearc Inc. was not listed as a Reference Entity under any such Reference Transactions, it subsequently became a Reference Entity as a result of the occurrence of certain Succession Events with respect to Verizon Global Funding Corp. (originally listed as a Reference Entity under Reference Transactions 1, 2 and 5).

We are now in a position to provide you with written information on the occurrence of this Credit Event and the related loss calculations.

As at the date of this notice, the Underlying Securities for the Notes consist of Series 2005-11 Class II Secured Floating Rate Notes due 2010 issued by Morgan Stanley ACES SPC acting for the account of the Series 2005-11 Segregated Portfolio (the "**Underlying Securities**"). The Underlying Securities are CDO Squared Securities referenced to the Master Swap Transaction which references six credit default basket reference transactions numbered 1 through 6 (each specifying 100 Reference Entities and referred to as a "**Reference Transaction**") and 34 ABS Reference Obligations, each as defined and further described in the Private Placement Memorandum Supplement of the Underlying Securities dated 27 April 2005 (the "**PPMS**").

As of the date of this notice, the occurrence of the Credit Event referred to above has not resulted in an Underlying Securities Default Event or an Early Redemption Event in relation to the Notes. The Issuer can give no assurance as to whether an Underlying Securities Default Event or an Early Redemption Event will or will not occur in relation to the Notes in the future.

We have set out in Part A of the Annex below the following information in relation to the loss calculations in respect of the six Reference Transactions following the occurrence of the Credit Event referred to above: (a) the relevant Reference Entities which were referenced under each Reference Transaction and in respect of which Credit Events have occurred since the issue date of the Underlying Securities, (b) the Loss Amount in respect of each of the Credit Events that have occurred since the issue date of the Underlying Securities (including the Credit Event referred to above) for each Reference Transaction and (c) the Total Loss Amount in respect of each Reference Transaction, in each case as at the date of this notice.

We have set out in Part B of the Annex below, as at the date of this notice:

- a) the Total Loss Amounts under each Reference Transaction, being the sum of the Loss Amounts determined in respect of each of the Credit Events which have occurred in relation to each Reference Transaction since the issue date of the Underlying Securities; and
- b) the remaining subordination amount of each Reference Transaction (also sometimes referred to as the remaining threshold amount) after taking into account the occurrence of the Credit Event in respect of the above Reference Entity and the related loss calculations.

For your convenience, we have also set out in Part B of the Annex below the Subordination Amount for each Reference Transaction (which is extracted from the PPMS for the Underlying Securities).

Taking into account the Credit Events which have occurred in relation to each Reference Transaction since the issue date of the Underlying Securities, as at the date of this notice, the Total Loss Amount under the Master Swap Transaction is zero. The remaining subordination amount (also sometimes referred to as the remaining threshold amount) of the Master Swap Transaction as at the date of this notice remains at the Subordination Amount of USD50,000,000 and is unchanged since the issue date of the Underlying Securities. For your convenience, we have set out in Part C of the Annex below the Subordination Amount for the

Master Swap Transaction in respect of the Underlying Securities (which is extracted from the PPMS for the Underlying Securities) and the Total Loss Amount for the Master Swap Transaction as at the date of this notice.

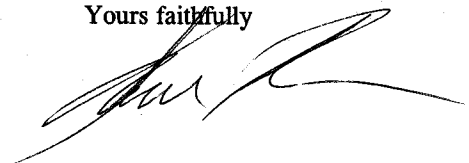
We would also like to highlight to you that, in the Chinese translation of the notice to Distributors dated 31 March 2009, the Total Loss Amount and the Remaining Subordination Amount for Reference Transaction 3 as stated in Part B of the Annex to Notice to the Distributors dated 31 March 2009 should be USD30,000,000 and USD86,750,000 respectively to be consistent with the English version of the notice. While this notice and the Chinese translation thereof reflect the amounts stated above, the Chinese translation of the notice referred to above should be read accordingly.

We would encourage you to provide the information contained in this notice to your customers who invested in the Notes.

If you have any questions or queries regarding this notice or the Notes, please consult your own legal, tax, accountancy or other professional adviser as you may see fit.

Capitalised terms used but not otherwise defined in this notice or otherwise specified shall have the meanings ascribed thereto in the Issue Prospectus relating to the Notes dated 29 March 2005 (the "Issue Prospectus") or the PPMS. The Issue Prospectus, the PPMS and certain other documents and information in relation to the Notes can be viewed on the following website: www.morganstanley.com/octavenotes.

Yours faithfully



VICTORIA PEAK INTERNATIONAL FINANCE LIMITED

By: **Kareem Robinson**

16 April 2009

OCTAVE NOTES SERIES 3

ANNEX TO NOTICE TO DISTRIBUTORS DATED 16 April 2009

Part A

The Reference Transactions under the Master Swap Transaction which reference one or more of the Reference Entities referred to above, the Loss Amount in relation to each Reference Entity under the relevant Reference Transaction and the Total Loss Amount in relation to each Reference Transaction, in each case as at the date of this notice

Reference Transaction	Reference Entity	Loss Amount in relation to Reference Entity (USD)	Total Loss Amount in respect of Reference Transaction (USD)
1	Quebecor World, Inc.	15,000,000	52,500,000
	Lehman Brothers Holdings Inc.	15,000,000	
	Washington Mutual, Inc.	15,000,000	
	Idearc Inc.	7,500,000	
2	Dana Corporation	15,000,000	52,500,000
	Tribune Company	15,000,000	
	Great Lakes Chemical Corporation	15,000,000	
	Idearc Inc.	7,500,000	
3	Washington Mutual, Inc.	15,000,000	30,000,000
	Great Lakes Chemical Corporation	15,000,000	
4	Dana Corporation	15,000,000	30,000,000
	Federal National Mortgage Association	15,000,000	
5	Quebecor World, Inc.	15,000,000	22,500,000
	Idearc Inc.	7,500,000	

6	Dana Corporation	15,000,000	60,000,000
	Quebecor World, Inc.	15,000,000	
	Lehman Brothers Holdings Inc.	15,000,000	
	Great Lakes Chemical Corporation	15,000,000	

Part B

In respect of each Reference Transaction under the Master Swap Transaction: the Subordination Amount, Total Loss Amount and remaining subordination amount as at the date of this notice

Reference Transaction	Subordination Amount (USD)	Total Loss Amount (USD)	Remaining subordination amount (USD)
1	116,750,000	52,500,000	64,250,000
2	116,750,000	52,500,000	64,250,000
3	116,750,000	30,000,000	86,750,000
4	116,750,000	30,000,000	86,750,000
5	116,750,000	22,500,000	94,250,000
6	116,750,000	60,000,000	56,750,000

PART C

In respect of the Master Swap Transaction: the Subordination Amount, the Total Loss Amount and the remaining subordination amount, in each case as at the date of this notice

Subordination Amount (USD)	Total Loss Amount (USD)	Remaining subordination amount (USD)
50,000,000	0	50,000,000