

PRICING STATEMENT DATED 7 August 2006

Registered by the Monetary Authority of Singapore on 7 August 2006

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

Pinnacle Performance Limited

(Incorporated with limited liability in the Cayman Islands)

Series 1 USD Fixed Rate First-to-Default Credit-Linked Notes due 2012
("Tranche A Notes")

Series 1 SGD Fixed Rate First-to-Default Credit-Linked Notes due 2012
("Tranche B Notes")

(each a "Tranche" and the notes of all Tranches, the "Notes")

Issued under the Pinnacle Performance Limited (the "Issuer") U.S.\$5,000,000,000 Structured Note Programme (the "Programme")

This Pricing Statement has been prepared for the purpose of providing the disclosure information with regard to the Issuer and for the purpose of giving information with regard to the issue of the Notes under the Programme. This Pricing Statement has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Pricing Statement. Registration of this Pricing Statement by the Authority does not imply that the Securities and Futures Act (Cap. 289) of Singapore (the "SFA"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Notes being offered for investment.

This Pricing Statement must be read together with Part 1 of the Base Prospectus issued by the Issuer and registered by the Authority on 7 August 2006, together with the Annex set out in Part 2 of the Base Prospectus which applies to the First-To-Default Note Type (the "Applicable Annex"). Together, the Base Prospectus (including the Applicable Annex) and this Pricing Statement shall comprise the prospectus (the "Prospectus") for the Notes, prepared for the purposes of Section 240 of the SFA.

This offer is made on the basis of information contained in this Pricing Statement as well as in the Base Prospectus and supplementary base prospectus or prospectuses, if any, in respect of the Programme. Copies of the Base Prospectus and supplementary base prospectus or prospectuses, if any, and this Pricing Statement are available for collection at the times and places specified in this Pricing Statement.

No application has been made for the Programme or the Notes to be listed on any exchange.

Prospective investors should note that Notes which are sold or redeemed before their maturity date will be subject to unwinding or other transaction costs, and the amount received by investors may be lower than the initial amount of their investment.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, unless so registered, may not be offered or sold within the United States or to, or for the benefit of U.S. persons as defined in Regulation S under the Securities Act except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. The Notes may include Notes in bearer form that are subject to U.S. Tax Law requirements. No application has been or will be made for the Base Prospectus or this Pricing Statement to be approved as a prospectus under Directive 2003/71/EC (the "Prospectus Directive").

The Notes represent the obligations of the Issuer only, and do not represent the obligations of, or interests in, the Arranger, the Distributors, the Trustee or any other person. The Notes will not be guaranteed by any person. The Notes will not have the benefit of any rating from any credit rating agency. The Notes will not be underwritten. This offering of Notes may not proceed if a minimum principal amount of the Notes, to be determined by the Arranger in its sole discretion, is not fully subscribed or purchased. In such event, all application or subscription moneys will be returned in full (without interest or any share of revenue or other benefit arising therefrom).

Prospective investors should ensure they understand the nature of the Notes and the risks involved, and should read carefully the contents of this Pricing Statement and the Base Prospectus (including the Applicable Annex), and in particular (but not limited to) the sections headed "Risk Factors" in Part 1 of the Base Prospectus and the Applicable Annex and the section headed "Application Procedures" in this Pricing Statement and consult professional advisers as to the suitability of the Notes as an investment for their individual circumstances, before they invest in the Notes.

Prospective investors should contact one of the Distributors whose contact telephone numbers are listed in the section headed "The Distributors" below if they wish to invest in the Notes.

Arranger

MORGAN STANLEY DEAN WITTER ASIA (SINGAPORE) PTE

Distributors

**CIMB-GK SECURITIES PTE LTD
DMG & PARTNERS SECURITIES PTE LTD
KIM ENG SECURITIES PTE. LTD.**

**OCBC SECURITIES PRIVATE LIMITED
PHILLIP SECURITIES PTE LTD**

Important Notices

Each of the Issuer, the directors of the Issuer and the Arranger accept full responsibility for the accuracy of the information contained in this Pricing Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Pricing Statement are fair and accurate in all material respects as of the date of this Pricing Statement and that there are no material facts the omission of which would make any statement herein misleading as of the date of this Pricing Statement.

Each of Trustee, the Principal Paying Agent, the Custodian, the Administrator, the Swap Counterparty, the Swap Guarantor, the Forward Counterparty and the Dealer has not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by such parties as to the accuracy or completeness of the information contained herein, or any further information supplied in relation to or in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer, its directors and the Arranger in respect of the Notes.

The Arranger has given, and have not before the lodgement of this Pricing Statement withdrawn, its consent to the issue of this Pricing Statement with the inclusion herein of its name and all references thereto, in the form and context in which it appears in this Pricing Statement.

The Notes are offered to the retail public in the Republic of Singapore solely on the basis of the information contained and the representations made in the Prospectus, including any supplement thereto. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with the Prospectus or any other financial statements or further information supplied pursuant to the terms of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, its directors, the Arranger, any Distributor, the Dealer, any Agent, the Trustee, the Swap Counterparty, the Swap Guarantor or their respective affiliates (together, other than the Issuer, the “**Transaction Participants**”) nor shall any Transaction Participant be responsible for any losses arising from such information or representation.

Neither the Prospectus nor any further information supplied pursuant to the terms of the Programme or the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as investment advice or a recommendation by or on behalf of the Issuer, its directors, the Arranger or the Trustee that any recipient of the Prospectus or any further information supplied pursuant to the terms of the Notes should subscribe for or purchase any of the Notes. Each prospective investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The delivery of the Prospectus does not at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied pursuant to the terms of the Programme or any of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the tenure of the Notes. The Issuer may from time to time after the date hereof register one or more supplemental base prospectuses to the Base Prospectus with the Authority, as required by the SFA. All such supplemental base prospectuses must also be read in conjunction with this Pricing Statement and all references herein to the “Prospectus” will be deemed to include all such supplemental base prospectuses.

The Issuer, its directors, the Arranger and the Trustee do not represent that the Prospectus may be lawfully distributed, or that any of the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction other than the Republic of Singapore, or pursuant to an exemption available under any such requirements in any jurisdiction other than the Republic of Singapore, or assume any responsibility for facilitating any such distribution or offering. Accordingly, persons into whose possession the Prospectus or any of the Notes must inform themselves about, and observe, any such restrictions. In particular, no action has been taken by the Issuer, its directors, the Arranger or the Trustee (save for the registration of the Base Prospectus and this Pricing Statement by the Authority) which would permit a public offering of any of the Notes or distribution of the Prospectus in any jurisdiction where action for that purpose is required. Accordingly, none of the Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Pricing Statement, advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Notwithstanding anything herein to the contrary, each prospective investor in the Notes (and its respective employees, representatives and other agents) may disclose to any and all persons, without limitations of any kind, the U.S. federal tax treatment and U.S. tax structure of the transactions contemplated by the Base Prospectus and any Pricing Statement and all materials of any kind (including tax opinions or other tax analyses) relating to such U.S. tax treatment and U.S. tax structure.

**WHERE TO OBTAIN COPIES OF THE BASE PROSPECTUS, THE APPLICABLE ANNEX
AND THIS PRICING STATEMENT**

Hard copies of the Base Prospectus (including any supplemental base prospectus in respect thereof and the Applicable Annex) and this Pricing Statement may be collected free of charge during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) as follows:

- ***During the Offer Period of the Notes:*** from each of the Distributors as described under the section headed “**The Distributors**” in this Pricing Statement and from the offices of the Arranger at:

Morgan Stanley Dean Witter Asia (Singapore) Pte

23 Church Street
#16-01
Capital Square
Singapore 049481

- ***After the Offer Period of the Notes and for so long as the Notes remain outstanding:*** from the offices of the Arranger as stated above.

Part 1 of the Base Prospectus and the Applicable Annex contain important information about:

- the Issuer of the Notes;
- the Swap Agreement and Swap Guarantee;
- the Forward Agreement and the Forward Guarantee;
- the Underlying Assets and the security arrangements in respect of the Notes;
- investment risk factors;
- taxation implications relating to the purchase, holding and sale of the Notes;
- custody, clearing and settlement arrangements;
- market making arrangements; and
- the contractually binding master terms and conditions of the Notes (the “**Master Conditions**”).

Potential investors should read this Pricing Statement in conjunction with Part 1 of the Base Prospectus and the Applicable Annex in order to understand the offer to which the documents relate, in particular before making an application in response to the offer.

If you wish to subscribe for any Notes, you must do so in accordance with the procedures described under the section headed “Application Procedures” below and the section headed “Summary of the Programme — Application Procedures” in Part 1 of the Base Prospectus.

Pinnacle Notes

Series 1: Secured¹ Credit-linked Notes

Achieve returns on SGD of **4.95%** per annum^{2,3}



The Notes are not principal guaranteed⁴

Enhance returns on your capital

USD Tranche A Notes offer a total potential return of **35.20%** over 5.5 years and an interest rate of **6.40%** per annum³

SGD Tranche B Notes offer a total potential return of **27.225%** over 5.5 years and an interest rate of **4.95%** per annum³

Credit-linked to these highly rated⁵ Reference Entities:

People's Republic of China
Republic of Korea
Kingdom of Thailand
Malaysia
Bank of China Limited
The Korea Development Bank
Petroleum Nasional Berhad (Petronas)

Offer Period: From 7 August 2006 to 15 September 2006 (subject to extension or early closure)

Pinnacle Notes Series 1 are available in denominations of USD5,000 and SGD8,000.

Distributors include CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Kim Eng Securities Pte. Ltd, OCBC Securities Private Limited and Phillip Securities Pte Ltd. Additional distributors may be appointed by the Arranger from time to time during the Offer Period.

Important Information:

A printed copy of the Base Prospectus (including the Annex for First-to-Default Notes (the "**Applicable Annex**") dated 7 August 2006 (the "**Base Prospectus**"), the Pricing Statement dated 7 August 2006 relating to the Notes (the "**Pricing Statement**") and the application forms in respect of the offering of the Notes by Pinnacle Performance Limited, may be obtained upon request, subject to availability, from the branches of each of the Distributors and at the office of the Arranger, Morgan Stanley Dean Witter Asia (Singapore) Pte. during normal office hours. Anyone wishing to acquire the Notes will need to make an application in the manner set out in the Pricing Statement.

This document is an extract from the Pricing Statement and is incomplete on its own. It is qualified in its entirety by, and should be read in conjunction with, the full text of the Base Prospectus, the Applicable Annex, the Pricing Statement and any supplements thereto (collectively referred to as the "**Prospectus**"). Terms used but not defined in this document shall bear the same meanings assigned to them in the Prospectus unless the context requires otherwise. A potential investor should read the Prospectus before deciding whether to purchase the Notes. Investors should ensure that they understand the nature of the Notes and risks involved and should carefully study the matters set out in the Prospectus for details of the various factors that may affect the results and performance of the Notes (in particular, the sections headed "**Risk Factors**" in the Prospectus), and make their own assessment or seek independent professional advice before deciding whether to subscribe for or purchase the Notes.

This document is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any Notes. As such, no one may accept or purport to accept any offer on the basis of this document alone.

1 The Notes will be secured by, amongst other assets, (i) Underlying Assets which may include AA-rated or higher rated⁶ US Dollar denominated portfolio credit-linked securities (i.e. Synthetic CDO Securities) and (ii) the Issuer's rights in respect of the swap arrangements with Morgan Stanley's affiliates relating to the Notes.

2 This relates to SGD Tranche B Notes. USD Tranche A Notes have an interest rate of 6.40% per annum.

3 Based on an investment in the relevant Tranche of Notes held to maturity (subject to the occurrence of a Credit Event, a Mandatory Redemption Event or an Event of Default or if the Issuer exercises its Issuer Call Option).

4 Repayment of 100% of the principal amount at maturity is dependent upon, amongst other things, whether any Reference Entity suffers a Credit Event or whether a Mandatory Redemption Event occurs. In any such circumstances, you could lose all or substantially all of your investment in the Notes. Credit Events include a Bankruptcy, Failure to Pay, Restructuring or Repudiation/Moratorium (as appropriate), occurring with respect to any Reference Entity. Detailed definitions are set out in the Prospectus. Mandatory Redemption Events are events which relate to a deterioration in the creditworthiness of the Underlying Assets, such as a payment default, a write-down of the outstanding principal amount or an early redemption below par, or events which affect the structure, such as a termination of the swap arrangements relating to the Notes or the imposition of withholding tax on any payments receivable by the Issuer. Detailed provisions are set out in the Prospectus.

5 Refers to the credit ratings assigned by Moody's, S&P and/or Fitch to each of the Reference Entities. See Prospectus for more information on credit ratings and what they mean. Please note that credit ratings are subject to change from time to time.

6 Refers to the credit rating on the date of investment by the Issuer. Credit ratings are subject to change from time to time.

Pinnacle Notes Series 1 ("Notes") Summary of Terms

Issuer:	Pinnacle Performance Limited	
Issue Date:	Expected to be 26 September 2006	
Offer Period:	7 August to 15 September 2006 (subject to extension or early closure)	
Note Type:	First-to-Default Note Type	
Principal Amount (Denomination):	USD Tranche A: USD5,000	SGD Tranche B: SGD8,000
Issue Price:	100% of principal amount	
Scheduled Maturity Date:	26 March 2012	
Interest:	USD Tranche A: 6.40% per annum; SGD Tranche B: 4.95% per annum Interest shall be payable semi-annually on 26 March and 26 September in each year. The first interest payment date shall be 26 March 2007.	
Redemption of Principal Amount on the Scheduled Maturity Date:	Redemption at 100% of the principal amount on the Scheduled Maturity Date (unless notice of the occurrence of a Credit Event is given, a Mandatory Redemption Event or an Event of Default occurs or the Issuer exercises its Issuer Call Option).	
The Notes are not principal guaranteed:	Repayment of 100% of the principal amount at maturity is dependent upon, amongst other things, whether any Reference Entity suffers a Credit Event or whether a Mandatory Redemption Event occurs. In any such circumstances, you could lose all or substantially all of your investment in the Notes.	
Mandatory Redemption Events:	Events which relate to a deterioration in the creditworthiness of the Underlying Assets, such as a payment default, a write-down of the outstanding principal amount or an early redemption below par, or events which affect the structure, such as a termination of the swap arrangements relating to the Notes or the imposition of withholding tax on any payments receivable by the Issuer. Detailed definitions are set out in the Prospectus.	
Reference Entities¹:	People's Republic of China (A2*/A/A), Republic of Korea (A3*/A/A+), Kingdom of Thailand (Baa1/BBB+/BBB+), Malaysia (A3/A-/A-), Bank of China Limited (A2*/BBB+/A-), The Korea Development Bank (A3*/A/A+) and Petrolia Nasional Berhad (Petronas) (A1/A-/A-).	
Credit Events:	A Bankruptcy, Failure to Pay, Restructuring or Repudiation/Moratorium (as appropriate), occurring with respect to any Reference Entity. Detailed definitions are set out in the Prospectus.	
Collateral/Security:	The Notes will be secured by, amongst other assets, (i) Underlying Assets which may include AA-rated or higher rated ² US Dollar denominated portfolio credit-linked securities (i.e. Synthetic CDO Securities), and (ii) the Swap Arrangements.	
Events of Default:	Failure by the Issuer to comply with its obligations relating to the Notes, events relating to the bankruptcy or reorganisation of the Issuer (whether initiated by itself or otherwise) or an event of default (howsoever described) occurring with respect to the Underlying Assets.	
Swap Arrangements:	To enable the Issuer to meet its payment obligations under the Notes, the Issuer will enter into an asset swap transaction and a credit default swap transaction with Morgan Stanley Capital Services Inc. as Swap Counterparty. The obligations of the Swap Counterparty will be guaranteed by Morgan Stanley as Swap Guarantor. However, the Notes will not be obligations of and will not be guaranteed by either the Swap Counterparty or the Swap Guarantor.	
Issuer Call Option:	The Issuer may redeem both Tranches or either Tranche of the Notes (in whole but not in part) at any time after 26 March 2007, by giving not less than 5 Business Days notice, at 100% of the principal amount plus accrued interest up to the relevant date fixed for redemption.	

Distributors include CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Kim Eng Securities Pte. Ltd, OCBC Securities Private Limited and Phillip Securities Pte Ltd. Additional distributors may be appointed by the Arranger from time to time during the Offer Period.

Important Information:

A printed copy of the Base Prospectus (including the Annex for First-to-Default Notes (the "**Applicable Annex**") dated 7 August 2006 (the "**Base Prospectus**"), the Pricing Statement dated 7 August 2006 relating to the Notes (the "**Pricing Statement**") and the application forms in respect of the offering of the Notes by Pinnacle Performance Limited, may be obtained upon request, subject to availability, from the branches of each of the Distributors and at the office of the Arranger, Morgan Stanley Dean Witter Asia (Singapore) Pte. during normal office hours. Anyone wishing to acquire the Notes will need to make an application in the manner set out in the Pricing Statement.

This document is an extract from the Pricing Statement and is incomplete on its own. It is qualified in its entirety by, and should be read in conjunction with, the full text of the Base Prospectus, the Applicable Annex, the Pricing Statement and any supplements thereto (collectively referred to as the "**Prospectus**"). Terms used but not defined in this document shall bear the same meanings assigned to them in the Prospectus unless the context requires otherwise. A potential investor should read the Prospectus before deciding whether to purchase the Notes. Investors should ensure that they understand the nature of the Notes and risks involved and should carefully study the matters set out in the Prospectus for details of the various factors that may affect the results and performance of the Notes (in particular, the sections headed "**Risk Factors**" in the Prospectus), and make their own assessment or seek independent professional advice before deciding whether to subscribe for or purchase the Notes.

This document is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any Notes. As such, no one may accept or purport to accept any offer on the basis of this document alone.

¹ Credit ratings disclosed refer to those assigned by Moody's, S&P and/or Fitch, respectively, to each of the Reference Entities. See Prospectus for more information on credit ratings and what they mean. Such credit ratings have been extracted from information published by S&P, Moody's and Fitch as of 27 July 2006, and are subject to change from time to time.

² Refers to the credit rating on the date of investment by the Issuer. Credit ratings are subject to change from time to time.

* Relevant credit ratings are on review by Moody's for upgrade.

富峰债券

系列1：有抵押¹信贷相联债券

新加坡元债券可获得年息率**4.95%**^{2,3}的回报



本债券并不保本⁴

提升资本回报

美元债券组别A为期5.5年，提供**35.20%**的总潜在回报，而最高潜在年息率更达**6.40%**³。

新加坡元债券组别B为期5.5年，提供**27.225%**的总潜在回报，而最高潜在年息率更达**4.95%**³。

与高信贷评级⁵的相关主体之信贷表现相联：

中华人民共和国
韩国
泰国
马来西亚
中国银行股份有限公司
韩国发展银行
马来西亚国家石油公司

与本债券相关的基本章程(包括适用于本「首先失责债券」的附录「适用附录」、定价声明，以及其它文件均用英文拟定。相关中文版本仅作参考，准投资者应以英文文件为准。如中文版本与原英文文件有冲突之处，英文文件应作为判定依据。

认购期：2006年8月7日至2006年9月15日(可延长或提早截止)

富峰债券系列1 分别以5,000美元及8,000新加坡元的面额发售。

Distributors include CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Kim Eng Securities Pte. Ltd, OCBC Securities Private Limited and Phillip Securities Pte Ltd. Additional distributors may be appointed by the Arranger from time to time during the Offer Period.

重要事项：

日期为2006年8月7日的基本章程(「基本章程」)复印本(包括适用于本「首先失责债券」的附录「适用附录」、日期为2006年8月7日有关本债券的定价声明(「定价声明」)，以及有关Pinnacle Performance Limited发行的本债券之申请表格，可于正常办公时间内向各分销商的分行及安排人Morgan Stanley Dean Witter Asia (Singapore) Pte. 的办事处索取，惟供应须视乎情况而定。有意认购本债券的投资者，须根据定价声明所述的方式作出申请。

本文件乃节录自定价声明，内容本身并不完整。本文件须与基本章程、适用附录、定价声明及任何相关补充文件(总称为「章程」)一并细阅，并受限于前述文件。除非内文须额外诠释，否则，于本文内尚未提供定义的词汇将与章程内的词汇载有相同定义。准投资者于作出有关购买本债券的决定前，必须细阅章程。投资者必须清楚了解本债券的性质、所涉及风险，及仔细参阅详列于章程内有关多个影响本债券之回报及表现的因素(特别是章程内的「风险因素」一节)，并于决定购买或认购本债券前，应先自行作出评估，或寻求独立的专业意见。

本文件仅作参考简介，并不构成购买或认购任何有关本债券的要约，或作出要约的诱使或邀请的一部分。换言之，任何人均不能单凭本文件而接纳或企图接纳本债券之任何要约。

- 1 本债券将以(但不限于)下列资产作为抵押：(i)「指定资产」，其可能包括具有AA或更高级别⁶的美元面额组合之信贷相联证券(即是「合成抵押债务证券」)；及(ii)发行人就本债券与摩根士丹利之附属公司所进行的掉期安排的权益。
- 2 适用于新加坡元债券组别B。美元债券组别A的年息率为6.40%。
- 3 按持有有关债券组别的投资至到期日而计算(受限于以下事件：发生「信贷事件」、「强制赎回事件」或「发行人失责事件」，或发行人行使「发行人提早赎回权」)。
- 4 本债券能否于到期日偿还100%之本金额，须视乎(但不限于)相关主体有否涉及信贷事件，或有否发生强制赎回事件。倘若该等事件发生，投资者将蒙受所有或部分有关本债券的投资损失。信贷事件包括：任何「相关主体」发生「破产」、「未能偿还应付款项」、「重组债务」、「拒绝清还或延期偿还」(如适用)等事件。定义详载于章程。强制赎回事件指任何有关指定资产之信贷能力下降的事件，包括拖欠付款、尚未清还的本金额的冲减或以低于债券面额提早赎回、或任何影响债券结构的事件，例如终止有关本债券的掉期安排或加强发行人应收款项的预扣税。详细条款请细阅章程。
- 5 指穆迪、标准普尔及/或惠誉给予各相关主体的信贷评级。请参阅章程以了解该等信贷评级的详义及资料。请注意，该等信贷评级将不时作出更改。
- 6 指发行人作出投资当日的信贷评级。该等信贷评级将不时作出更改。

与本债券相关的基本章程（包括适用于本「首先失责债券」的附录「适用附录」、定价声明，以及其它文件均用英文拟定。相关中文版本仅作参考，准投资者应以英文文件为准。如中文版本与原英文文件有冲突之处，英文文件应作为判定依据。

富峰债券 系列1 (“本债券”) 条款概要

发行人：	Pinnacle Performance Limited
发行日期：	预计为2006年9月26日
认购期：	2006年8月7日至2006年9月15日 (可延长或提早截止)
债券类别：	「首先失责债券」类别
本金额 (债券面额)：	美元债券组别A：5,000美元 新加坡元债券组别B：8,000新加坡元
发行价：	100%本金额
预计到期日：	2012年3月26日
利息：	美元债券组别A：6.40%年息率；新加坡元债券组别B：4.95%年息率 利息于每年的3月26日及9月26日 (即每半年) 派发一次。第一个利息支付日为2007年3月26日。
预计到期日的本金赎回：	在预计到期日以100%本金额赎回 (除非「信贷事件」发生的通知函被发出，或「强制赎回事件」发生或「发行人失责事件」，或发行人行使其「发行人提早赎回权」)。
本债券并不保本：	本债券能否于到期日偿还100%之本金额，须视乎 (但不限于)「相关主体」是否发生「信贷事件」，或是否发生「强制赎回事件」。倘若该等事件发生，投资者将蒙受所有或部分有关本债券的投资损失。
强制赎回事件：	任何有关「指定资产」之信贷能力下降的事件，包括拖欠付款、尚未清还的本金额的冲减或以低于债券面额提早赎回、或任何影响债券结构的事件，例如终止有关本债券的掉期安排或加强发行人应收款项的预扣税。定义详载于章程。
相关主体¹：	中华人民共和国(A2*/A/A)、韩国(A3*/A/A+)、泰国(Baa1/BBB+/BBB+)、马来西亚(A3/A-/A-)、中国银行股份有限公司(A2*/BBB+/A-)、韩国发展银行(A3*/A/A+)，以及马来西亚国家石油公司(A1/A-/A-)。
信贷事件：	任何相关主体发生「破产」、「未能偿还应付款项」、「重组债务」、「拒绝清还或延期偿还」(如适用)等事件。定义详载于章程。
抵押品：	本债券将以 (但不限于) 下列资产作为抵押：(i)「指定资产」，其可能包括具有AA或更高级别 ² 的美元面额组合之信贷相联证券 (即是「合成抵押债务证券」)；及(ii)掉期安排。
发行人失责事件：	即发行人未能就有关债券遵守其责任、发行人发生有关破产或重组的事件 (无论由其发起或其他因素)、或相关「指定资产」所引致的发行人失责事件 (如述)。
掉期安排：	为使发行人能够履行其在本债券项下的付款责任，发行人将与作为掉期对手的Morgan Stanley Capital Services Inc.，订立资产掉期交易及信贷失责掉期交易。掉期对手的义务将由作为掉期担保人的Morgan Stanley担保。不过，本债券并非掉期对手或掉期担保人的债项，并不会由掉期对手或掉期担保人担保。
发行人提早赎回权：	发行人可于至少5个营业日之前发出通知，在2007年3月26日及其后的任何时候以100%之本金额及截至有关的赎回日之累计利息，提早赎回两组或其中一组债券 (全部而非部分)。

Distributors include CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Kim Eng Securities Pte. Ltd, OCBC Securities Private Limited and Phillip Securities Pte Ltd. Additional distributors may be appointed by the Arranger from time to time during the Offer Period.

重要事项：

日期为2006年8月7日的基本章程 (「基本章程」) 复印本 (包括适用于本「首先失责债券」的附录「适用附录」、日期为2006年8月7日有关本债券的定价声明 (「定价声明」)，以及有关Pinnacle Performance Limited发行的本债券之申请表格，可于正常办公时间内向各分销商的分行及安排人Morgan Stanley Dean Witter Asia (Singapore) Pte.的办事处索取，惟供应须视乎情况而定。有意认购本债券的投资者，须根据定价声明所述的方式作出申请。

本文件乃节录自定价声明，内容本身并不完整。本文件须与基本章程、适用附录、定价声明及任何相关补充文件 (总称为「章程」) 一并细阅，并受限于前述文件。除非内文须额外诠释，否则，于本文内尚未提供定义的词汇将与章程内的词汇载有相同定义。准投资者于作出有关购买本债券的决定前，必须细阅章程。投资者必须清楚了解本债券的性质、所涉及风险，及仔细参阅详列于章程内有关多个影响本债券之回报及表现的因素 (特别是章程内的「风险因素」一节)，并于决定购买或认购本债券前，应先自行作出评估，或寻求独立的专业意见。

本文件仅作参考简介，并不构成购买或认购任何有关本债券的要约，或作出要约的诱使或邀请的一部分。换言之，任何人均不能单凭本文件而接纳或企图接纳本债券之任何要约。

1. 所列信贷评级为穆迪、标准普尔及/或惠誉分别给予各相关主体的信贷评级。请参阅章程以了解该等信贷评级的详义及资料。该等信贷评级乃摘录自标准普尔、穆迪及/或惠誉截至2006年7月27日所公布的数据，并不时作出更改。

2. 指发行人作出投资当日的信贷评级。该等信贷评级将不时作出更改。

* 有关信贷评级正待穆迪检讨调高评级。

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THE DISTRIBUTORS

During the Offer Period, prospective retail investors may only subscribe Notes through an appointed Distributor.

The following are the Distributors which have been appointed as at the date of this Pricing Statement, and their respective addresses and “hotline” telephone numbers:

<u>Distributors</u>	<u>Address</u>	<u>“Hotline”</u>
CIMB-GK Securities Pte Ltd	50 Raffles Place #19-00 Singapore Land Tower Singapore 048623	1800 538 9889
DMG & Partners Securities Pte Ltd	20 Raffles Place #22-01 Ocean Towers Singapore 048620	6538 3773
Kim Eng Securities Pte. Ltd.	9 Temasek Boulevard #39-00 Suntec Tower Two Singapore 038989	6226 0300
OCBC Securities Private Limited	18 Church Street #01-00 OCBC Centre South Singapore 049479	6538 4775
Phillip Securities Pte Ltd	250 North Bridge Road #06-00 Raffles City Tower Singapore 179101	6531 1555

Prospective investors should telephone one of the appointed Distributors if they wish to find out how to subscribe for the Notes and/or obtain a list of locations from which copies of the Base Prospectus (including the Applicable Annex) and this Pricing Statement may be obtained.

Additional distributors may be appointed by the Arranger after the date of this Pricing Statement. The identities and “hotlines” of any such additional distributors will be made available to prospective investors upon request during normal business hours on any day (Saturdays, Sundays and public holidays in Singapore excepted) from the offices of the Arranger specified on page i of this Pricing Statement. References herein to “**Distributor(s)**” shall be deemed to include any such additional distributor(s) appointed after the date of this Pricing Statement.

INFORMATION ABOUT THE NOTES

The following is a summary of certain important terms of the Notes which may not otherwise be contained in Part 1 of the Base Prospectus or the Applicable Annex. To understand the full terms and conditions of the Notes, please refer to the full text of the Master Conditions applicable to the Notes set out in the Applicable Annex and the Pricing Supplements in respect of the Notes (a form of which is set out in this Pricing Statement). See “Master Conditions” below for a description of the relationship between the Master Conditions and each such Pricing Supplement. Capitalised terms used in this Pricing Statement but not defined in this Pricing Statement shall have the meanings given to them in Part 1 of the Base Prospectus or the Applicable Annex.

Please refer to the paragraph headed “References to Noteholders” in the section headed “The Documents which constitute the Prospectus” in Part 1 of the Base Prospectus for a discussion relating to the usage of the terms “Noteholders”, “you”, “investors” and “prospective investors” in this Pricing Statement.

Offer Period: From 11.00 a.m. on 7 August 2006 to 4.30 p.m. on 15 September 2006 or such earlier or later date as may be determined by the Issuer, after consultation with the Arranger, in its absolute discretion.

If the Issuer reduces or extends the Offer Period, the expected Fixing Date and Issue Date will also be changed. The Issuer will notify the Distributors of the new expected end of the Offering Period, Fixing Date and Issue Date on or before the Original Fixing Date.

Note Type/Applicable Annex: First-to-Default Note Type. The Applicable Annex for the Notes is the Annex for First-to-Default Note Type.

Issue Size: The total principal amount of Notes of each Tranche to be issued will be determined by the Arranger in its absolute discretion on the Fixing Date in light of market interest in the Notes and will be notified to the Distributors on the Fixing Date. In addition, the Issue Size of each Tranche will be recorded and be available for inspection at the office of the Arranger set out on page i above as soon as practicable after the Issue Date.

Issue Price: 100 per cent. of the principal amount of the Notes (the “**Issue Price**”).

Issue Date: The Issue Date is expected to be 26 September 2006 and may be changed as described under “**Offer Period**” above.

Fixing Date: Expected to be 19 September 2006 (the “**Original Fixing Date**”) and may be changed as described under “**Offer Period**” above.

Change of Fixing Date and/or Issue Date, or cancellation of issuance: **The Issuer, after consultation with the Arranger, may in its absolute discretion decide on or before the Fixing Date to issue or not to issue any or all Tranche(s), in light of general market interest in the Notes. This discretion may be exercised irrespective of whether any change of the Fixing Date and/or Issue Date has been made as described under “Offer Period” above.**

If the Issuer decides not to issue any or all Tranche(s), monies paid by applicants in respect of the affected Tranche(s) will be returned to the Distributors within 7 Singapore, London and New York Business Days after the originally scheduled Issue Date. The Issuer will notify the Distributors as soon as practicable after the Fixing Date. See the paragraphs headed “Cancellation of the issue of any of the Tranches of Notes” and “Refund of Application Monies” in the section headed “Application Procedures” in this Pricing Statement.

Notwithstanding the determination by the Arranger of the total principal amount of Notes of a Tranche to be issued on the Fixing Date, the Issuer, after consultation with the Arranger, may at any time between the Fixing Date and the then expected Issue Date exercise its absolute discretion to change the Issue Date. Where more than one Tranche is to be issued, the Issue Date of a Tranche may be changed independently of the Issue Date of the other Tranche(s). Such right to change the Issue Date will apply in addition to the right to change the Fixing Date. If the Issuer so changes the Issue Date of any Tranche(s), it will notify the Distributors on or before the then expected Issue Date.

Interest Rate:

For Tranche A:

6.40 per cent. per annum

For Tranche B:

4.95 per cent. per annum

Interest Amount:

Unless (i) notice of the occurrence of a Credit Event is given to Noteholders, (ii) a Mandatory Redemption Event occurs, (iii) an Event of Default occurs or (iv) an Issuer Call Option is exercised in respect of the relevant Tranche of Notes:

- (a) on each Interest Payment Date, the holders of Tranche A Notes will receive an amount of USD160.00 per Tranche A Note; and
- (b) on each Interest Payment Date, the holders of Tranche B Notes will receive an amount of SGD198.00 per Tranche B Note.

Interest Payment Dates:

Interest will be payable semi-annually in arrear on 26 March and 26 September in each year (or, if applicable, such other dates falling on every six months following the Issue Date), commencing on 26 March 2007 (or, if applicable, such other date as may be six months following the Issue Date) up to and including the Scheduled Maturity Date.

Notwithstanding the above:

- (a) upon (i) a notice being given to the Noteholders in respect of the occurrence of a Credit Event or (ii) a Mandatory Redemption Event occurring or (iii) an Event of Default occurring, the Notes will cease to bear any interest from the Interest Payment Date immediately preceding the Event Determination Date or, as the case may be, the date on which a Mandatory Redemption Event occurs or, as the case may be, the date on which an Event of Default occurs (or, if the Event Determination Date, Mandatory Redemption Event occurs or the Event of Default occurs prior to the first Interest Payment Date, no interest will be payable on the Notes); and
- (b) upon the exercise of an Issuer Call Option in respect of a Tranche of Notes, no interest will be payable on such Tranche of Notes after the Call Redemption Date in respect of such Issuer Call Option.

If an Interest Payment Date falls on a day which is not a Business Day, then payment of the interest or principal due on that day will be made on the first Business Day after that day. No adjustment will be made to the amount of interest or principal payable in the event of such a postponed payment.

Day Count Fraction:	30/360
Scheduled Maturity Date:	26 March 2012 (or, if applicable, such date falling 66 months after the Issue Date).
	Please note that the Notes may be redeemed before or after the Scheduled Maturity Date if notice of the occurrence of a Credit Event is given to Noteholders or if a Mandatory Redemption Event or Event of Default occurs. The relevant Tranche of Notes will be redeemed before the Scheduled Maturity Date if the Issuer exercises the Issuer Call Option in respect of such Tranche of Notes.
Redemption Amount on the Scheduled Maturity Date:	100 per cent. of the principal amount outstanding of the Notes (subject to the consequences of a Credit Event, a Mandatory Redemption Event, an Event of Default or the exercise of an Issuer Call Option).
Note Denomination/Principal Amount per Note:	<i>Tranche A Notes:</i> USD5,000 <i>Tranche B Notes:</i> SGD8,000
Form:	The Notes will be in bearer global form. Each Tranche of Notes will be represented by a Global Note to be held by the Clearing System.
Clearing System:	The Central Depository (Pte) Limited (with a link to the Euroclear system) For a description of how investors will hold the Notes, please see the section headed “Custody Arrangements with Distributors” in Part 1 of the Base Prospectus.
Notices:	So long as the Notes are represented by the Global Notes which are registered in the name of CDP or a nominee for the common depository for Euroclear and/or Clearstream, notices required to be given to Noteholders (including in relation to the occurrence of a Credit Event, a Mandatory Redemption Event or an Event of Default) may be given by their being delivered to entitled accountholders in CDP, Euroclear and/or Clearstream in the following manner: <ul style="list-style-type: none"> (a) if the relevant Clearing System permits notices to entitled accountholders to be sent through such Clearing System, the notices will be sent in such manner; and (b) if the relevant Clearing System does not so permit, the notices will be given either by mail to the entitled accountholders or by publication in a daily newspaper of general circulation in Singapore approved by the Trustee. <p>Please note that investors who hold their investment in Notes through a Distributor will need to rely on their Distributor (as entitled accountholders) to communicate such notices to them.</p> <p>A copy of each notice given by the Issuer in respect of the Notes (to Noteholders or, in the case of notices regarding a reduction or extension of the Offer Period or a change of the Fixing Date or the Issuer Date, to the Distributors) will be made available for inspection as set out under the paragraph headed “Display Documents” under the section headed “Additional Information about the Offering” in this Pricing Statement.</p>
Swap Agreement/ Swap Guarantee:	To enable the Issuer to meet its payment obligations under the Notes, the Issuer will enter into a Swap Agreement with Morgan

Stanley Capital Services Inc. as Swap Counterparty. The obligations of the Swap Counterparty will be guaranteed by Morgan Stanley as Swap Guarantor pursuant to the Swap Guarantee. (See the sections headed “Summary of the Swap Arrangements” and “Overview of the parties to the Programme — The Swap Counterparty, the Forward Counterparty and the Swap Guarantor” in Part 1 of the Base Prospectus.)

The Notes will not be obligations of and will not be guaranteed by either the Swap Counterparty or the Swap Guarantor. The Swap Guarantee comprises a guarantee only in respect of the Swap Counterparty’s payment of all amounts due and payable to the Issuer under the Swap Agreement.

Forward Agreement/Forward
Guarantee:

The Issuer will enter into a Forward Agreement with Morgan Stanley & Co. International Limited as Forward Counterparty in connection with the issue of the Notes. The obligations of the Forward Counterparty will be guaranteed by the Swap Guarantor pursuant to the Forward Guarantee.

If an Issuer Call Option is exercised in relation to a Tranche of Notes, the Issuer will, pursuant to the Forward Agreement, deliver to the Forward Counterparty the Underlying Assets in respect of such Tranche of Notes and in return receive a cash amount equal to the principal amount of such Underlying Assets. The Issuer will pay to the Swap Counterparty such cash amount it receives from the Forward Counterparty and the Swap Counterparty will pay to the Issuer an amount equal to the principal amount of the relevant Tranche of Notes plus any accrued interest up to the Call Redemption Date in respect of such Issuer Call Option to enable the Issuer to meet its obligations under such Notes. See the sections headed “Summary of the Forward Agreement” and “Overview of the parties to the Programme — The Swap Counterparty, the Forward Counterparty and the Swap Guarantor” in Part 1 of the Base Prospectus for further details.

Security:

Pursuant to the provisions of the Principal Trust Deed and a supplemental trust deed to be entered into between, amongst others, the Issuer and the Trustee on or about the Issue Date (the “**First Supplemental Trust Deed**”, and together with the Principal Trust Deed, the “**Trust Deed**”), the Issuer will grant Security over the Charged Assets described below to the Trustee. The Trustee shall hold such Security on behalf of the Secured Creditors.

Charged Assets:

- A fixed charge of its rights attaching to or relating to the Underlying Assets and all sums derived therefrom (see the section headed “Information on the Underlying Assets” in Part 1 of the Base Prospectus and this Pricing Statement);
- an assignment of all its rights, title and interest under the Swap Agreement, the Swap Guarantee, the Forward Agreement, the Forward Guarantee and the Agency Agreement, including all its rights against the Custodian, to the extent they relate to the Underlying Assets, including, amongst others, all rights to the delivery of such Underlying Assets against the Custodian or any Clearing System; and
- a fixed charge of all sums (i) received under the Swap Agreement, the Swap Guarantee, the Forward Agreement and the Forward Guarantee and (ii) held by the Principal Paying Agent or the Custodian to meet payments due in respect of the Notes.

Secured Creditors:	The claims of the Trustee, the Custodian, the Principal Paying Agent, the Swap Counterparty and the Forward Counterparty against the Issuer will rank prior to the claims of the Noteholders under the Notes in the application of all monies received in connection with the realisation or enforcement of the Charged Assets (please see further the paragraph headed “Order of Priorities” in this section below). In realising the Charged Assets, the Trustee is obliged to act in accordance with the directions of the Instructing Creditor.
Instructing Creditor:	Swap Counterparty
Order of Priorities:	<p>All monies received by the Trustee in respect of the Charged Assets for the Notes will be applied in the following order of priorities:</p> <ul style="list-style-type: none"> (a) First, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts under the notes and the Trust Deed (including any taxes required to be paid, the costs of realising or enforcing any security and the Trustee’s remuneration); (b) Secondly, rateably in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Principal Paying Agent, the Custodian and the Administrator other than those set out in (d) below; (c) Thirdly, rateably in meeting the claims (if any) of the Swap Counterparty under the Swap Agreement and the Forward Counterparty under the Forward Agreement (which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Swap Counterparty under the Swap Agreement or the Forward Counterparty under the Forward Agreement, as the case may be, and relating to sums receivable on the Underlying Assets); (d) Fourthly, rateably in meeting the claims (if any) of the holders of Notes and Coupons (as defined in the Master Conditions set out in the Applicable Annex) (which for this purpose will include any claim of the Custodian and the Principal Paying Agent for reimbursement in respect of payment of principal and interest made to holders of Notes and/or Coupons); and (e) Fifthly, in payment of the balance (if any) to the Issuer.
Underlying Assets:	The Issuer will invest the entire issue proceeds of the Notes in Eligible Investments that satisfy certain criteria. Such Eligible Investments so invested are referred to in this Pricing Statement as the “ Original Underlying Assets ”. See the section headed “Information About the Original Underlying Assets” in this Pricing Statement for a description of such criteria and other information on the Underlying Assets, including the circumstances in which they may be reinvested.
Credit Event:	<p>A Credit Event means the occurrence of one of the following events:</p> <ul style="list-style-type: none"> (A) with respect to Asia Corporate Reference Entities and their Successors: <ul style="list-style-type: none"> (i) Bankruptcy;

(ii) Failure to Pay;

(iii) Restructuring;

(B) with respect to Asia Sovereign Reference Entities and their Successors:

(i) Failure to Pay;

(ii) Restructuring;

(iii) Repudiation/Moratorium.

Please refer to the section headed “Information About the Reference Entities” in this Pricing Statement for a list of the Reference Entities and their Entity Types.

Each of the above Credit Events is defined in full in the Master Conditions set out in the Applicable Annex. Such definitions are based on (with certain modifications) technical definitions current in the professional credit derivative market. Prospective investors should remember that the actual occurrence of a Credit Event will be determined by the Determination Agent, acting for and on behalf of the Issuer, on a strict application of the technical definitions set out in the Master Conditions in the Applicable Annex.

In the event that any Reference Entity is subject to a Succession Event (as defined in the Master Conditions), the Issuer shall notify the Trustee of such Succession Event and the identities and a brief description of the relevant Successors.

Master Conditions:

This section of this Pricing Statement is a summary of those important terms of the Notes which are not otherwise contained in Part 1 of the Base Prospectus or the Applicable Annex. The full terms and conditions of the Notes can be reviewed by reading together the following:

- (a) the Master Conditions, which comprise the basis of all Notes to be issued under the Programme, and which are set out in full in the Applicable Annex; and
- (b) the Pricing Supplement for each Tranche of the Notes to be issued on the Issue Date of the Notes, which applies and/or disapplies and/or supplements or amends the Master Conditions in the manner required to reflect the particular terms and conditions applicable only to the relevant Tranche of Notes described in this Pricing Statement. A form of the Pricing Supplements is set out in this Pricing Statement.

Noteholder call option:

Noteholders will not have any option to redeem the Notes early.

Rating:

The Notes will not have the benefit of any credit rating.

Listing:

The Notes will not be listed on any exchange.

INFORMATION ABOUT THE REFERENCE ENTITIES

The Notes are linked to the creditworthiness of the Reference Entities set out below. The Issuer does not have any special access to information in relation to the Reference Entities and prospective investors must rely on publicly available information on the business, financial condition, prospects, creditworthiness, status or affairs of the Reference Entities in deciding whether to make an investment in the Notes.

Except for the disclosure on the credit ratings of the Reference Entities below, neither the Issuer nor the Arranger has conducted or will be conducting independent investigations on the Reference Entities in respect of (i) any legal or regulatory provisions which may materially affect the performance of the Reference Entities, (ii) any significant representations and warranties made concerning the Reference Entities, (iii) any material cross-default provisions relating to the Reference Entities, (iv) the nature and extent of the Reference Entities' exposure to any other entity and (v) the material terms or agreements involving the Reference Entities. Neither the Issuer nor the Arranger makes any representations as to the Reference Entities. Investors should make their own investigations and analysis of the Reference Entities.

Certain limited information on the Reference Entities is provided in "Appendix A — Additional Information on the Reference Entities". The Issuer and the Arranger have taken care to accurately extract such information in the proper form and context but neither the Issuer nor the Arranger are responsible for such information. Further information, such as operations and financial condition, about each corporate Reference Entity can be found on the websites listed in the table below. The information on these websites is not part of this Pricing Statement and neither the Issuer nor the Arranger accept any responsibility for such information, including whether that information is accurate, complete or up-to-date.

Reference Entities which are Asia Sovereign Reference Entities are not companies and as such are not subject to the same on-going regulatory disclosure obligations as the Companies which are listed on a number of stock exchanges. Accordingly, you may find it difficult to obtain information on Asia Sovereign Reference Entities. This will make it more difficult to observe or track any deterioration in the financial or political condition of Asia Sovereign Reference Entities which may impact on its ability to service its outstanding debt obligations.

As at 27 July 2006, each Reference Entity has the credit ratings set out in the following table.

Reference Entity	Entity Type	Long Term Issuer Credit Ratings Assigned by Moody's/S&P/ Fitch	Website	Name and Website of Principal Listing Exchange
People's Republic of China	Asia Sovereign Reference Entity	A2*/A/A	Not Applicable	Not Applicable
Republic of Korea	Asia Sovereign Reference Entity	A3*/A/A+	Not Applicable	Not Applicable
Malaysia	Asia Sovereign Reference Entity	A3/A-/A-	Not Applicable	Not Applicable
Bank of China Limited	Asia Corporate Reference Entity	A2*/BBB+/A-	www.boc.cn	The Stock Exchange of Hong Kong Limited www.hkex.com.hk
Kingdom of Thailand	Asia Sovereign Reference Entity	Baa1/BBB+/BBB+	Not Applicable	Not Applicable
The Korea Development Bank	Asia Corporate Reference Entity	A3*/A/A+	www.kdb.co.kr	Not Applicable
Petroleum Nasional Berhad (Petronas)	Asia Corporate Reference Entity	A1/A-/A-	www.petronas.com	Not Applicable

** indicates that such rating is on Moody's Watchlist for possible upgrade.*

None of Moody's, S&P and/or Fitch has consented to the information set out above. Neither the Issuer nor the Arranger makes any representation as to the accuracy or reliability of the information, save that the Issuer and the Arranger have taken reasonable care to correctly extract and/or reproduce such information in

its proper form and context. More information on credit ratings can be found at the websites of Fitch at www.fitchratings.com, S&P at www.standardandpoors.com and Moody's at www.moody's.com.

None of the Issuer, its directors, the Arranger, the Market Agent or the Trustee gives any representation as to the accuracy or reliability of the credit ratings, save that the Issuer and its directors have taken reasonable care to correctly extract and/or reproduce such information from the relevant source of publicly available information.

As at 27 July 2006, none of the ratings of the Reference Entities is subject to negative "CreditWatch" by S&P, or subject to review for possible downgrade on Moody's "Watchlist" or subject to Fitch "Rating Watch" Negative. Please see Appendix B for guidelines issued by S&P, Moody's and Fitch on what each of their ratings, "CreditWatch", "Watchlists" and "Rating Watch" means.

In this Pricing Statement, "S&P" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.; "Moody's" means Moody's Investors Service, Inc.; and "Fitch" means Fitch Ratings Ltd.

There can be no assurance that any stated credit rating will remain in effect for any given period or that any such rating will not be revised by the relevant rating agency in the future if, in the relevant credit rating agency's judgement, circumstances so warrant. A downward revision of a credit rating does not of itself constitute a Credit Event.

Up-to-date information on a Reference Entity's ratings can be obtained from S&P (please see www.standardandpoors.com for up-to-date contact details), from Moody's (please see www.moody's.com for up-to-date contact details) and from Fitch (please see www.fitchratings.com for up-to-date contact details).

The Reference Obligation in respect of each Reference Entity is set out in the table below.

<u>Reference Entity</u>	<u>Details of Reference Obligation</u>	
People's Republic of China	Primary Obligor:	People's Republic of China
	Ranking:	Senior
	Issue Date:	23 May 2001
	Maturity Date:	23 May 2011
	Coupon:	6.8% per annum
	Currency:	US\$
	ISIN:	XS0129936331
	Moody's/S&P/Fitch Credit Ratings:	A2/A/A
Republic of Korea	Primary Obligor:	Republic of Korea
	Ranking:	Senior
	Issue Date:	3 June 2003
	Maturity Date:	3 June 2013
	Coupon:	4.25% per annum
	Currency:	US\$
	ISIN:	US50064FAC86
	Moody's/S&P/Fitch Credit Ratings:	A3/A/A+
Malaysia	Primary Obligor:	Malaysia
	Ranking:	Senior
	Issue Date:	9 July 2001
	Maturity Date:	15 July 2011
	Coupon:	7.5% per annum
	Currency:	US\$
	ISIN:	US560904AF11
	Moody's/S&P/Fitch Credit Ratings:	A3/A-/A-

<u>Reference Entity</u>	<u>Details of Reference Obligation</u>	
Bank of China Limited	Primary Obligor:	Bank of China Limited
	Ranking:	Senior
	Issue Date:	16 March 1994
	Maturity Date:	15 March 2014
	Coupon:	8.25% per annum
	Currency:	US\$
	ISIN:	US061194AB21
	Moody's/S&P/Fitch Credit Ratings:	A2/BBB+/None
Kingdom of Thailand	Primary Obligor:	Kingdom of Thailand
	Ranking:	Senior
	Issue Date:	15 April 1997
	Maturity Date:	15 April 2007
	Coupon:	7.75% per annum
	Currency:	US\$
	ISIN:	US88322KAC53
	Moody's/S&P/Fitch Credit Ratings:	Baa1/BBB+/BBB+
The Korea Development Bank	Primary Obligor:	The Korea Development Bank
	Ranking:	Senior
	Issue Date:	10 September 2003
	Maturity Date:	10 September 2013
	Coupon:	5.75% per annum
	Currency:	US\$
	ISIN:	US500630BG24
	Moody's/S&P/Fitch Credit Ratings:	A3/A/A+
Petroliam Nasional Berhad (Petronas)	Primary Obligor:	PETRONAS Capital Limited
	Guarantor:	Petroliam Nasional Berhad
	Ranking:	Senior
	Issue Date:	22 May 2002
	Maturity Date:	22 May 2012
	Coupon:	7% per annum
	Currency:	US\$
	ISIN:	USY68856AA47
	Moody's/S&P/Fitch Credit Ratings:	A1/A-/A-

The Reference Obligations set out above provide a benchmark in that the Valuation Obligations in respect of any Reference Entity will not, in the insolvency of that Reference Entity (other than by operation of law), rank for payment after the Reference Obligation of that Reference Entity (i.e. will not be Subordinated to that Reference Obligation (see the Master Conditions in Applicable Annex)). See the definition of "Reference Obligation" in the Master Conditions for information on substitute Reference Obligations.

Under the terms of the Notes, a Reference Entity may in limited circumstances be replaced with another entity — its successor — which will then become for all purposes a Reference Entity. The circumstances in which this could happen relate to mergers, demergers, spin-offs and similar corporate reorganisations. Further information can be found under "The Reference Entities" in the section headed "Description of First-to-Default Note Type" in the Applicable Annex.

None of the Reference Entities listed above are affiliates of the Issuer.

References to websites

All references to websites in this Pricing Statement are intended to assist prospective investors to access further public information relating to the subject matter indicated. Prospective investors should conduct their own web searches to ensure that they are viewing the most up-to-date information. Information appearing on such websites does not form any part of the Prospectus. None of the Issuer, the Arranger, the Trustee, the Swap Counterparty, the Forward Counterparty, the Market Agent or the Determination Agent accept any responsibility whatsoever that such information, if available, is accurate and/or up-to-date, and no responsibility is accepted in relation to any such information by any person responsible for the Prospectus.

The offer of the Notes by the Issuer is made solely on the basis of the information contained in the Prospectus and prospective investors should exercise an appropriate degree of caution when assessing the value of other information which may appear on such websites.

INFORMATION ABOUT THE ORIGINAL UNDERLYING ASSETS

The following is a summary description of the Underlying Assets in respect of the Notes. Please also refer to the section headed "Information on the Underlying Assets" and the section headed "Risk Factors" in Part 1 of the Base Prospectus.

Original Underlying Assets

On or about the Issue Date, the Issuer will, in consultation with the Determination Agent, invest the entire proceeds of issuance of the Notes in Original Underlying Assets, which will consist of Synthetic CDO Securities which satisfy the following criteria as of the date of investment therein by the Issuer:

- (a) denominated in USD;
- (b) is rated at least AA or Aa2 by at least one of S&P, Moody's and/or Fitch
- (c) is not subject to negative "CreditWatch" by S&P, is not subject to review for possible downgrade on Moody's "Watchlist" and is not subject to Fitch "Rating Watch" Negative;
- (d) is acceptable to the Swap Counterparty as a funding source for the obligations of the Issuer under the Swap Agreement; and
- (e) has a maximum maturity which falls on or prior to the Scheduled Maturity Date of the Notes,

provided that if the Issuer, in consultation with the Determination Agent, determines that such Synthetic CDO Securities are not available for investment by it on or about the Issue Date, then the Original Underlying Assets shall consist of:

- (1) Cash Deposits; and/or
- (2) Liquidity Funds which satisfy the criteria set out in "Eligible Investments" below as of the date of investment therein by the Issuer; and/or
- (3) Certificates of Deposit which satisfy the criteria set out in "Eligible Investments" below as of the date of investment therein by the Issuer.

Details on the Original Underlying Assets in which the Issuer has so invested will not be available at the time investors decide to purchase the Notes. However, as soon as practicable after the Issue Date, details (including the issuer(s) and rating(s)) of the Original Underlying Assets (or the rating(s) of the issuer(s) or obligor(s) thereof) will be made available for inspection in accordance with the paragraph headed "Display Documents" in the section headed "Additional Information About the Offering" from the Issue Date. See also the paragraph headed "Discretion of the Issuer to invest in the Underlying Assets" in the section headed "Risk Factors" in Part 1 of the Base Prospectus.

Where the Original Underlying Assets consist of Cash Deposits, Certificates of Deposit and/or Liquidity Funds, the Issuer will, at any time during the tenure of the Notes at which it determines (in consultation with the Determination Agent) that Synthetic CDO Securities satisfying the criteria above are available for investment by the Issuer, (i) in the case of Liquidity Funds or Certificates of Deposit, sell such Liquidity Funds or Certificates of Deposit (provided the amount at which such Liquidity Funds or Certificates of Deposit are sold is at or above their outstanding principal amount) and (ii) reinvest such Cash Deposits and/or the proceeds of such sale in Synthetic CDO Securities which satisfy the criteria set out above. Such Synthetic CDO Securities will then form part of the Underlying Assets.

Eligible Investments

Other than Cash Deposits, for which no additional criteria will apply, Eligible Investments (or the issuer(s) or obligor(s) thereof) must satisfy the following criteria on the date of investment therein:

- (a) any USD denominated securities, including Asset-Backed Securities and Credit Commodity Linked Securities, rated (or issued by an entity rated) at least "Aaa" or "P-1" by Moody's or any successor to the rating business thereof or at least "AAA" or "A-1" by S&P or any successor to the rating business thereof or at least "AAA" or "F1" by Fitch or any successor to the rating business thereof that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody's Watchlist or placed on "Rating Watch Negative" by Fitch, as applicable, at the time of its acquisition; and/or

(b) any USD denominated Medium Term Notes, CDO Squared Securities or Synthetic CDO Securities rated at least “Aa2/P-1” by Moody’s or at least “AA/A-1” by S&P or at least “AA/F1” by Fitch that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or

(c) any USD denominated Commercial Paper or Certificate of Deposit rated at least “P-1” by Moody’s and/or at least “A-1” by S&P and/or at least “F1” by Fitch or issued by an entity rated at least “P-1” by Moody’s and/or at least “A-1” by S&P and/or at least “F1” by Fitch, that has a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes and which is not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or

(d) any USD denominated Liquidity Fund, including, without limitation, any investment vehicle for which the Arranger, the Determination Agent, the Custodian or the Trustee, or an Affiliate of any of them, provides services, provided that at the time such investment is entered into, such fund has a money market fund rating of at least “Aaa/MR1+” by Moody’s and/or at least “AAAm” by S&P and/or at least AAA/V1+ by Fitch, and that such fund distributes interest or dividends on such investment on a regular basis and at least quarterly.

Investors should note that the Underlying Assets’ credit rating(s) (or the rating(s) of the issuer(s) or obligor(s) thereof) may change after the date of acquisition thereof.

Please refer to the section headed “Information on the Underlying Assets” in this the Base Prospectus for further details relating to the Underlying Assets.

APPLICATION PROCEDURES

These are general terms and conditions for application of the Notes. Please check with your Distributors for specific terms, conditions and procedures for such application as certain of these terms, conditions and procedures are subject to separate agreement with the Distributors.

Where you are relying on your Distributor to hold the Notes on your behalf in CDP, please note that additional fees may be payable. Please speak to your Distributor for more details.

General information on application procedure

Applications are invited for the subscription of the Notes at the Issue Price of USD5,000 for each Tranche A Note and SGD8,000 for each Tranche B Note, subject to the following terms and conditions:

1. YOUR APPLICATION MUST BE MADE IN DENOMINATIONS OF USD5,000 FOR EACH TRANCHE A NOTE OR SGD8,000 FOR EACH TRANCHE B NOTE OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF NOTES WILL BE REJECTED.

2. Your application for the Notes must be made by way of the printed WHITE “Notes Application Form” and must be accompanied by a duly completed and signed certificate of non-U.S. citizenship and residency (which can be obtained from the Distributor).

3. **You (being a person other than an approved nominee company (as defined in paragraph 6 below)) are allowed to submit application(s) in your own name for a single application for the Notes.**

A person, other than an approved nominee company, who is submitting an application for the Notes in his own name should not submit any other applications for the Notes for any other person. Such separate applications shall be deemed to be multiple applications and shall be rejected.

Multiple applications for the Notes will be rejected. Persons submitting or procuring submissions of multiple applications for the Notes may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, (other than as provided herein) will be liable to be rejected at the discretion of the Issuer.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies and applicants whose addresses (furnished in their Notes Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under a securities account with CDP in the deceased’s name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of a Notes Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 7 below.

6. **WE WILL ONLY ACCEPT NOMINEE APPLICATIONS FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A DIRECT SECURITIES ACCOUNT WITH CDP OR A SECURITIES SUB-ACCOUNT WITH A DEPOSITORY AGENT AT THE TIME OF YOUR APPLICATION.** If you have an existing securities account with CDP but fail to provide your CDP securities account number or provide an incorrect CDP securities account number in section B of the Notes Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number or company registration number, nationality, permanent residence status and CDP securities account number provided in your Notes Application Form differ from those particulars in your securities account as maintained by CDP. If you are applying through more than one direct securities account with CDP, your application is liable to be rejected.

8. If your address as stated in the Notes Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation, sent by your Distributor on behalf of the Issuer, will be sent to your address last registered with CDP.

9. You may apply for the Notes using only cash. **You cannot use SRS account moneys or CPF Investible Savings to apply for the Notes.** Each application must be accompanied by a direct debit authorisation to your Distributor in respect of the number of Notes applied for in favour of your Distributor or your Distributor will require you to maintain a balance until the Issue Date or you will be required to deposit funds, which will be held on your behalf by the Distributor, into a designated account, in each case equal to the principal amount of Notes for which you have applied, which upon successful allocation, will be debited by your Distributor in an amount equal to the Notes allocated to you or you will have to comply with such other method of payment stipulated by your Distributor. Applications not accompanied by these forms of payment will not be accepted. No acknowledgement of receipt will be issued for such applications and payments.

10. The refund procedures and mechanism are ultimately dependent on your agreement with your Distributor. Generally, where your application is accepted in part only and where excess moneys have been received, the balance of the application moneys, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Business Days after the Fixing Date, provided that the moneys have been received by the Distributor in the designated account.

11. The Base Prospectus and this Pricing Statement and their accompanying documents (including the Notes Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of the Base Prospectus and this Pricing Statement and their accompanying documents (including the Notes Application Forms) and the offering or sale of the Notes may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

The Notes have not been and will not be registered under the US Securities Act 1933, as amended (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). The Notes are being offered outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S. **The Issuer reserves the right to reject any application for Notes where the Issuer believes or has reason to believe that such application may violate the securities laws of the United States or any other jurisdiction or any applicable legal or regulatory requirements.**

No person in any jurisdiction outside Singapore receiving the Base Prospectus and this Pricing Statement or their accompanying documents (including the Notes Application Forms) may treat the same as an offer or invitation to subscribe for any Notes.

12. The Issuer reserves the right to reject any application which does not conform strictly to the instructions set out in the Base Prospectus and this Pricing Statement and the Notes Application Form, or with the terms and conditions of this Pricing Statement or, in the case of an application by way of a Notes Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn authorisation.

13. The Issuer reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Base Prospectus and Pricing Statement (including Notes Application Forms), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Issuer, the Distributors, as agents of the Issuer, have been authorised to accept, for and on behalf of the Issuer, such other forms of application as the Distributors may, in consultation with the Issuer and the Arranger, deem appropriate.

14. The Issuer, in consultation with the Arranger, has the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and neither the Issuer nor the Arranger will entertain any enquiry and/or correspondence on its decision. In deciding the

basis of allocation, the Issuer will give due consideration to the desirability of allocating the Notes to a reasonable number of applicants with a view to establishing an adequate market for the Notes.

15. No definitive Notes will be issued to successful applicants. You irrevocably authorise CDP, if required, to complete and sign on your behalf as transferee any documents required for the issue or transfer of the Notes allocated to you.

The CDP securities account of such successful applicants (whether held directly or through Depository Agents) shall be credited with the principal amount of the Notes subscribed. In this case, it is expected that CDP will send to each successful applicant at his own risk, within ten Business Days after the close of the Issue Date, a statement showing that his CDP securities account has been credited with the principal amount of Notes allocated to him. This will be the only acknowledgement of application moneys received and is not an acknowledgement by the Issuer.

16. You irrevocably authorise CDP and your Distributor (where applicable) to disclose the outcome of your application, including the number of Notes allocated to you pursuant to your application, to the Issuer, the Arranger and any other parties so authorised by CDP, the Issuer and the Arranger.

17. Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Notes by way of a Notes Application Form.

18. By completing and delivering a Notes Application Form in accordance with the provisions herein, you:

(a) irrevocably offer, agree and undertake to subscribe for the amount of Notes specified in your application (or such smaller number for which the application is accepted) at the Issue Price of USD5,000 for each Tranche A Note and SGD8,000 for each Tranche B Note and agree that you will accept such Notes as may be allocated to you, in each case on the terms of, and subject to the conditions set out in the Base Prospectus (including the Applicable Annex) and this Pricing Statement;

(b) agree that you have read through and understand the terms and conditions set out in this “Application Procedures” section;

(c) agree that the aggregate amount for the Notes applied for is due and payable to the Issuer upon application;

(d) agree that you will make payment upon successful allocation of the Notes;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Issuer and the Arranger in determining whether to accept your application and/or whether to allocate any Notes to you;

(f) agree and warrant that you have completed and successfully discharged the know-your-client requirement imposed by your Distributor;

(g) agree and warrant that your application will comply with and be fully consistent with all laws and regulations, credit policies, guidelines and restrictions applicable to you;

(h) agree and warrant that you have not relied on the Arranger or any of its affiliates in assessing the merits, risk and suitability of your application;

(i) agree and warrant that you have conducted your own suitability checks and procedures for your application; and

(j) agree and warrant that if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Issuer and the Arranger will infringe any such laws as a result of the acceptance of your application.

19. The Issuer and the Arranger will not hold any application in reserve.

20. The Issuer and the Arranger will not allocate any Notes on the basis of this Pricing Statement later than six months after the date of registration of this Pricing Statement.

21. Additional terms and conditions for applications by way of Notes Application Forms are set out in the section entitled “Additional Terms and Conditions for Application using Printed Application Forms” below.

Additional Terms and Conditions for Application using Printed Application Forms

Applications by way of Notes Application Forms shall be made on and subject to the terms and conditions of the Base Prospectus (including the Applicable Annex) and this Pricing Statement, including but not limited to the terms and conditions appearing below as well as those set out under the earlier section of this “Application Procedures” section.

1. Your application for the Notes must be made using the **WHITE** Notes Application Form accompanying and forming part of this Pricing Statement and must be accompanied by a duly completed and signed certificate of non-U.S. citizenship and residency (which can be obtained from the Distributor). Without prejudice to the rights of the Issuer, the Distributors, as agents of the Issuer, have been authorised to accept, for and on behalf of the Issuer, such other forms of application, as the Distributors may (in consultation with the Issuer and the Arranger) deem appropriate.

We draw your attention to the detailed instructions contained in the respective Notes Application Forms and this Pricing Statement for the completion of the Notes Application Forms, which must be carefully followed. **The Issuer reserves the right to reject applications which do not conform strictly to the instructions set out in the Notes Application Forms and this Pricing Statement or to the terms and conditions of this Pricing Statement or which are illegible, incomplete, incorrectly completed or (where applicable) which are accompanied by improperly drawn authorisations.**

2. You must complete your Notes Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. You must complete all spaces in your Notes Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” and you must write the words “**NOT APPLICABLE**” or “**N.A.**” in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Notes Application Form under the hand of an official who must state the name and capacity in which he signs the Notes Application Form. If you are a corporation completing the Notes Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. The Issuer reserves the right to require you to produce documentary proof of identification for verification purposes.

5. You (whether an individual or corporate Applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Notes is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

6. Capitalised terms used in the Notes Application Forms and defined in the Base Prospectus and this Pricing Statement shall bear the meanings ascribed to them in the Base Prospectus and this Pricing Statement.

7. By completing and delivering the Notes Application Form, you agree that:

(a) in consideration of the Issuer having distributed the Notes Application Form to you and by completing and delivering the Notes Application Form before the close of the Offer Period or such other time or date as the Issuer may, in consultation with the Arranger, decide:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any moneys returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are not a U.S. person (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the exclusive jurisdiction of the Singapore courts;

(c) in respect of the Notes for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by your Distributor on behalf of the Issuer and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Issuer;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in Part 1 of the Base Prospectus, the Applicable Annex and this Pricing Statement and that none of the Issuer and the Arranger or any other person involved in the offer of the Notes shall have any liability for any information not so contained;

(f) you consent to the disclosure by the relevant Distributor of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP securities account number and application amount to the Issuer, CDP, the Arranger and the Market Agent; and

(g) you irrevocably agree and undertake to subscribe for the number of Notes applied for as stated in the Notes Application Form or any smaller number of such Notes that may be allocated to you in respect of your application. In the event that the Issuer decides to allocate any smaller number of Notes or not to allocate any Notes to you, you agree to accept such decision as final.

Steps for applications for the Notes by way of printed Notes Application Forms

1. Your application for the Notes by way of printed Notes Application Forms **MUST** be made using the **WHITE** Notes Application Forms.

2. You must:

(a) duly complete and sign the Notes Application Form, in accordance with the terms and conditions of this Pricing Statement, and submit the Notes Application Form to your Distributor; and

(b) either fill up a direct debit authorisation in favour of your Distributor in respect of the Notes subscribed for or ensure that you maintain a balance, at least until the Issue Date, equal to the Notes subscribed for in your account with your Distributor or deposit funds, which will be held on your behalf by the Distributor, into a designated account, which upon successful allocation, will be debited by your Distributor in an amount equal to the principal amount of Notes allocated to you or you will have to comply with such other method of payment stipulated by the Distributor.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn authorisation are liable to be rejected.

4. No acknowledgement of receipt will be issued for any application or remittance received.

Cancellation of the issue of any Tranches of Notes

In relation to each Tranche of Notes, the Issuer may determine on the Fixing Date in its absolute discretion after consultation with the Arranger that the Notes of that Tranche should not be issued. Following any such determination, the offering of such Tranche of Notes shall be cancelled. In such event, no Notes of

such Tranche shall be issued and the Arranger shall so notify the Distributors as soon as practicable after the Fixing Date and any subscription monies held in an account with a Distributor shall no longer be held for the purposes of the subscription of Notes of the relevant Tranche and the Distributors shall return such subscription monies paid by the applicants in accordance with “Refund of Application Monies” below.

For the avoidance of doubt, the cancellation of the offering of one Tranche will not affect the offering of the other Tranche.

The Distributors shall notify all affected applicants as soon as practicable upon receiving a notice from the Issuer in respect of any non-issuance of any or all Tranche(s) of the Notes.

Refund of Application Monies

If any subscription monies are to be refunded in any of the circumstances described in this Pricing Statement, payment will be made by the Distributors on behalf of the Issuer to the applicants in accordance with the relevant Distributor’s normal operating procedures without interest and at the risk of the applicants within 14 Business Days after the Fixing Date. Such payment will be made in the currency in which the Notes are denominated by bank transfer or by cheque, unless otherwise agreed between the relevant applicant and his Distributor.

Confirmations to be given by investors

By giving application instructions to any Distributor for the purchase of any Notes, prospective investors will be deemed to confirm to the Distributor, the Arranger and the Issuer that, amongst other things, they:

- **understand** that in respect of the Tranche B Notes, the applicable Early Redemption Amount payable to Noteholders on the occurrence of a Mandatory Redemption Event or the Credit Event Redemption Amount as adjusted (as more fully described in the paragraph headed “Procedure for the redemption of the Notes following a Credit Event” in the section headed “Summary” of this Pricing Statement) payable to Noteholders following the giving of notice to the Noteholders of the occurrence of a Credit Event, as the case may be, will be subject to an exchange conversion risk arising from the conversion of such redemption amounts into SGD at the prevailing USD/SGD exchange rate as determined by the Determination Agent, acting for and on behalf of the Issuer;
- **understand** there will be a time delay between the Determination Agent’s declaration of a Credit Event and the payment of the Credit Event Redemption Amount. Such payment may occur after the Scheduled Maturity Date;
- **understand** that the Notes will not be principal protected or guaranteed by the Issuer or any other party and accept the risk that (i) (subject to the terms and conditions of the Notes) the principal of the Notes will only be payable in respect of those Notes which are held until the Scheduled Maturity Date or in respect of those Tranche(s) of Notes the Issuer has exercised the Issuer Call Option relating to such Tranche(s) of Notes, (ii) interest will only be payable in respect of the Notes in issue on the relevant Interest Payment Dates, and (iii) the redemption amounts payable to them following notice of the occurrence of a Credit Event or the occurrence of an Issuer’s Event of Default or a Mandatory Redemption Event (as the case may be) is likely to be substantially less than the principal amount of their Notes; and
- **understand** that in the event that any of the Original Underlying Assets or Reinvested Eligible Investments are redeemed, in whole or in part, at or above their outstanding principal amount including any accrued interest in accordance with their terms for any reason whatsoever by the issuer of such Original Underlying Assets or Reinvested Eligible Investments, as the case may be, (or, in the case of Original Underlying Assets in the form of Cash Deposits or Liquidity Funds, redeemed or repaid for any reason whatsoever (as the case may be)) prior to the Scheduled Maturity Date, the proceeds of redemption or repayment will be paid into the account of the Issuer with the Custodian and that such account may or may not be interest bearing. The Determination Agent, acting for and on behalf of the Issuer, may at its sole and absolute discretion reinvest the proceeds of redemption or repayment in Eligible Investments.

By giving application instructions to any Distributor for the subscription of any Notes, prospective investors will also be deemed to have made the confirmations to the Distributor, the Arranger and the Issuer as set out under the paragraph headed “Confirmations to be given by investors” in the section headed “The Distributors and Investors Confirmations” in Part 1 of the Base Prospectus.

Prospective investors will be required to confirm that they have read and understood these confirmations and the confirmations contained in the Base Prospectus at the time of applying to a Distributor for the Notes. If prospective investors do not understand the meaning or the reasons why they are being asked to give these confirmations and those confirmations contained in the Base Prospectus, they should seek assistance from their Distributor.

ADDITIONAL INFORMATION ABOUT THE OFFERING

Authorisations

The issue of this Series of Notes was authorised and approved by resolutions of the Board of Directors of the Issuer passed on 27 July 2006.

Use of Proceeds

The Issuer is issuing the Notes in the course of its ordinary business with the intention of providing investors with the opportunity to invest in a structured financial product that provides investors with an exposure to the Reference Entities and the Underlying Assets. Morgan Stanley does not consider this transaction to amount to a fund-raising exercise for Morgan Stanley or its subsidiaries. The entire proceeds of issue of the Notes will be used to invest in the Original Underlying Assets.

Payments

Interest payments and redemption payments of the Notes will be made in USD in respect of Tranche A Notes and in SGD in respect of Tranche B Notes. Each investor who has been allocated the Notes must make arrangements to receive payments in respect of the Notes by credit to a USD account in respect of Tranche A Notes and to a SGD account in respect of Tranche B Notes. Definitive Notes, or certificates representing the Notes, will not be issued to individual investors (except in very limited circumstances). The total principal amount of the Notes of each Tranche will initially be represented by interests in a Global Note, which will be registered in the name of CDP. Accordingly, investors who have been allocated the Notes and who do not have an account at such clearing system must make arrangements for their Notes to be held in custody with an accountholder (or an indirect accountholder) of CDP (which initially must be one of the Distributors).

Taxation

Prospective investors are advised to read the section headed "Taxation" in Part 1 of the Base Prospectus which contains a summary of certain taxation provisions under Singapore, Cayman Islands and Jersey law. Prospective investors are also advised that no Singapore stamp duty will be payable on the issue or subsequent transfer of any of the Notes.

The provisions in the section headed "Taxation" in Part 1 of the Base Prospectus are accurate as at the date of this Pricing Statement.

No Material Adverse Change — Issuer

There has been no material change in the financial position or operations of the Issuer and no material adverse change in the prospects of the Issuer, in each case since its date of incorporation on 30 November 2005. The Notes described in this Pricing Statement are being issued as Series 1 under the Programme. As at the date of this Pricing Statement, the Issuer does not have any hire purchase commitments, guarantees or other material contingent liabilities, bank overdrafts or other similar indebtedness.

Display Documents

For so long as any Notes remain outstanding and with effect from the dates set out in the following paragraph, the following documents as well as the documents listed in the section headed "General Information" in Part 1 of the Base Prospectus will be available during usual business hours on any day (Saturdays, Sundays and public holidays in Singapore excepted), for inspection (requests for photocopies will be subject to a reasonable fee which reflects the cost of making a copy) at the offices of the Arranger specified on page i of this Pricing Statement:

(i) information relating to the Underlying Assets including the rating(s) (if any), the terms and conditions, the information memorandum or memoranda or other offering document(s) relating to such Underlying Assets (if such documents have been prepared) and regarding where investors could obtain information relating to the performance of the issuer(s) of the Underlying Assets on an on-going basis together with any further information which is available to, and may be disclosed by, the Arranger; and

(ii) a copy of any notice given by the Issuer or the Arranger in respect of the Notes pursuant to the Programme or as otherwise provided for in this Pricing Statement.

The documents listed in (i) and (ii) above will be available for inspection as aforesaid with effect from the Issue Date. None of the documents listed above form part of the Prospectus.

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APPENDIX A

ADDITIONAL INFORMATION ON REFERENCE ENTITIES

The following information has been extracted from the financial/annual reports of these companies and also from Bloomberg. Neither the Issuer nor the Arranger makes any representation as to the accuracy or reliability of the information, save that the Issuer and the Arranger have taken reasonable care to correctly extract and/or reproduce such information in its proper form and context.

Bank of China Limited

Bank of China Limited is incorporated in the People's Republic of China and its principal address is at 1 Fuxingmen Nei Dajie, Beijing 100818, China. It is one of the People's Republic of China's four state-owned commercial banks. Bank of China Limited provides a complete range of banking and other financial services to individual and corporation customers worldwide. Its services include retail banking, Great Wall credit card and debit card services, consumer credit, foreign currency transaction, corporate banking, settlement and clearing, investment banking and fund management businesses. As at 30 June 2006, the market capitalization of Bank of China Limited was approximately HK\$867 billion.

The Korea Development Bank

The Korea Development Bank ("KDB") is incorporated in the Republic of Korea and its principal address is at 16-3 Youido-dong, Youngdeungpo-gu, Seoul, The Republic of Korea. KDB is South Korea's long-term funds provider to major industrial projects. It is wholly owned by the Korean Government. KDB also offers short and long-term loans, investments, guarantees and trusts to international finance. Its major funding sources are Industrial Finance Bonds, client deposits, special-purpose funds and foreign-currency funds.

Petroliam Nasional Berhad

Petroliam Nasional Berhad is incorporated in Malaysia and its principal address is at Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia. Petroliam Nasional Berhad, or PETRONAS, is wholly-owned by the Government of Malaysia and is a fully intergrated oil company with upstream and downstream oil and gas interests. It operates service stations throughout Malaysia. PETRONAS is also involved in upstream and downstream ventures in Vietnam, China, Pakistan, the Philippines, and the Middle East and has interests in Australia and Argentina.

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APPENDIX B

CREDIT AND STABILITY RATINGS

None of S&P, Moody's and/or Fitch has consented to the information set out in this Appendix B. Neither the Issuer nor the Arranger makes any representation as to the accuracy or reliability of the information set out in this Appendix B, save that the Issuer and the Arranger have taken reasonable care to correctly extract and/or reproduce such information in its proper form and context. More information on credit ratings can be found at the websites of S&P at www.standardandpoors.com, Moody's at www.moody's.com and Fitch at www.fitchratings.com.

The following information has been extracted from the websites and reports of the Rating Agencies.

CREDIT RATINGS

A credit rating is a current assessment by a credit rating agency of a company's or a country's overall financial capacity (its creditworthiness) to pay its financial obligations (i.e. its debts). This assessment focuses on the company's or the country's capacity to meet its financial commitments as they become due. It does not apply to any specific financial obligation.

There can be no assurance that any stated credit rating will remain in effect for any given period or that any such rating will not be revised by the relevant rating agency in the future if, in the relevant credit rating agency's judgment, circumstances so warrant. A downward revision of a credit rating does not of itself constitute a Credit Event.

It should be noted that a credit rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor (a company or country), as the rating agencies do not comment on market price or suitability for a particular investor.

Investors should note that a downgrade in respect of any of the Reference Entities does not of itself equate to, or result in, the occurrence of a Credit Event.

The following are guidelines issued by S&P, Moody's and Fitch on what each of their ratings means:

S&P Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment — capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

The issue rating definitions are expressed in terms of default risk. As such, they pertain to senior obligations of an entity. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation applies when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.) Accordingly, in the case of junior debt, the rating may not conform exactly with the category definition.

AAA

An obligation rated 'AAA' has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC, and C

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB

An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B

An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC

An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC

An obligation rated 'CC' is currently highly vulnerable to nonpayment.

C

A subordinated debt or preferred stock obligation rated 'C' is currently highly vulnerable to nonpayment. The 'C' rating may be used to cover a situation where a bankruptcy petition has been filed or similar action taken, but payments on this obligation are being continued. A 'C' also will be assigned to a preferred stock issue in arrears on dividends or sinking fund payments, but that is currently paying.

Plus (+) or minus (-)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

S&P Short-Term Issue Credit Ratings

A-1

A short-term obligation rated 'A-1' is rated in the highest category by S&P. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2

A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3

A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B

A short-term obligation rated 'B' is regarded as having significant speculative characteristics. Ratings of 'B-1', 'B-2', and 'B-3' may be assigned to indicate finer distinctions within the 'B' category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B-1. A short-term obligation rated 'B-1' is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-2. A short-term obligation rated 'B-2' is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-3. A short-term obligation rated 'B-3' is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

C

A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

S&P Long-Term Issuer Credit Ratings

A S&P issuer credit rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The issuer credit rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor.

Counterparty credit ratings, ratings assigned under the Corporate Credit Rating Service (formerly called the Credit Assessment Service) and sovereign credit ratings are all forms of issuer credit ratings. Issuer credit ratings are based on current information furnished by obligors or obtained by S&P from other sources it considers reliable. S&P does not perform an audit in connection with any issuer credit rating and may, on occasion, rely on unaudited financial information.

Issuer credit ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances. Issuer credit ratings can be either long term or short term. Short-term issuer credit ratings reflect the obligor's creditworthiness over a short-term time horizon.

AAA

An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

AA

An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest rated obligors only to a small degree.

A

An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

BBB

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

BB, B, CCC, and CC

Obligors rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB

An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

B

An obligor rated 'B' is more vulnerable than obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

CCC

An obligor rated 'CCC' is currently vulnerable, and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments.

Plus (+) or minus (-)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

CC

An obligor rated 'CC' is currently highly vulnerable.

S&P Short-Term Issuer Credit Ratings

A-1

An obligor rated 'A-1' has strong capacity to meet its financial commitments. It is rated in the highest category by S&P. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong.

A-2

An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

A-3

An obligor rated 'A-3' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

B

An obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

B-1. Obligors with a 'B-1' short-term rating have a relatively stronger capacity to meet their financial commitments over the short-term compared to other speculative-grade obligors.

B-2. Obligors with a 'B-2' short-term rating have an average speculative-grade capacity to meet their financial commitments over the short-term compared to other speculative-grade obligors.

B-3. Obligors with a 'B-3' short-term rating have a relatively weaker capacity to meet their financial commitments over the short-term compared to other speculative-grade obligors.

C

An obligor rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for it to meet its financial commitments.

CreditWatch

CreditWatch highlights the potential direction of a short-or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P's analytical staff. These may include mergers, recapitalisations, voter referendums, regulatory action, or anticipated operating developments. Ratings appear on CreditWatch when such an event or a deviation from an expected trend occurs and additional information is necessary to evaluate the current rating. A listing, however, does not mean a rating change is inevitable, and whenever possible, a range of alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. The "positive" designation means that a rating may be raised; "negative" means a rating may be lowered; and "developing" means that a rating may be raised, lowered, or affirmed.

Moody's Long-term Obligation Ratings

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa

Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A

Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa

Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba

Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

B

Obligations rated B are considered speculative and are subject to high credit risk.

Caa

Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca

Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Moody's Issuer Ratings: Corporates and Financial Institutions

Issuer Ratings are opinions of the ability of entities to honor senior unsecured financial obligations and contracts. Moody's rating symbols for Issuer Ratings are identical to those used to indicate the credit quality of long-term obligations.

Moody's Short-Term Ratings

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1

Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2

Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3

Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP

Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Note: Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long-term rating of the issuer, its guarantor or support-provider.

Watchlists

Moody's uses the Watchlist to indicate that a rating is under review for possible change in the short-term. A rating can be placed on review for possible upgrade ("**UPG**"), on review for possible downgrade ("**DNG**"),

or more rarely with direction uncertain (“UNC”). A credit is removed from the Watchlist when the rating is upgraded, downgraded or confirmed.

Fitch International Long-Term Credit Ratings

International Long-Term Credit Ratings (“LTCR”) may also be referred to as Long-Term Ratings. When assigned to most issuers, it is used as a benchmark measure of probability of default and is formally described as an Issuer Default Rating (“IDR”). The major exception is within Public Finance, where IDRs will not be assigned as market convention has always focused on timeliness and does not draw analytical distinctions between issuers and their underlying obligations. When applied to issues or securities, the LTCR may be higher or lower than the issuer rating (“IDR”) to reflect relative differences in recovery expectations.

The following rating scale applies to foreign currency and local currency ratings:

Investment Grade

AAA

Highest credit quality. ‘AAA’ ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA

Very high credit quality. ‘AA’ ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A

High credit quality. ‘A’ ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB

Good credit quality. ‘BBB’ ratings indicate that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

Speculative Grade

BB

Speculative. ‘BB’ ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

B

Highly speculative.

- For issuers and performing obligations, ‘B’ ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
- For individual obligations, may indicate distressed or defaulted obligations with potential for extremely high recoveries. Such obligations would possess a Recovery Rating of ‘R1’ (outstanding).

CCC

- For issuers and performing obligations, default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic conditions.
- For individual obligations, may indicate distressed or defaulted obligations with potential for average to superior levels of recovery. Differences in credit quality may be denoted by plus/minus distinctions.

Such obligations typically would possess a Recovery Rating of 'R2' (superior), or 'R3' (good) or 'R4' (average).

CC

- For issuers and performing obligations, default of some kind appears probable.
- For individual obligations, may indicate distressed or defaulted obligations with a Recovery Rating of 'R4' (average) or 'R5' (below average).

C

- For issuers and performing obligations, default is imminent.
- For individual obligations, may indicate distressed or defaulted obligations with potential for below-average to poor recoveries. Such obligations would possess a Recovery Rating of 'R6' (poor).

Fitch International Short-Term Credit Ratings

The following ratings scale applies to foreign currency and local currency ratings. A Short-term rating has a time horizon of less than 13 months for most obligations, or up to three years for US public finance, in line with industry standards, to reflect unique risk characteristics of bond, tax, and revenue anticipation notes that are commonly issued with terms up to three years. Short-term ratings thus place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

F1

Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

F2

Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.

F3

Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non investment grade.

B

Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.

High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

Notes to Fitch International Long-Term and Short-Term ratings:

Modifiers "+" or "-"

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-term rating category, to categories below 'CCC', or to Short-term ratings other than 'F1'. (The +/-modifiers are only used to denote issues within the CCC category, whereas issuers are only rated CCC without the use of modifiers.)

Rating Watch

Ratings are placed on Rating Watch to notify investors that there is a reasonable probability of a rating change and the likely direction of such change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or maintained. Rating Watch is typically resolved over a relatively short period.

Performance of Credit Ratings

S&P regularly produces a default study which calculates the incidence of defaults across all rating classes over varying periods.

The S&P default events are similar (but not identical) to the Credit Events applicable in respect of the Notes as set out in the section headed “Technical Definitions” in this Pricing Statement.

S&P records a default:

- on the first occurrence of a payment default on any financial obligation of a company or country; or
- when holders of a company’s or country’s debt accept substitute instruments with reduced interest, longer maturities or any other diminished financial term.

The table below (extracted from the S&P’s 2005 Annual Global Corporate Default Study) shows the cumulative default history for the 4 investment grade rating categories (AAA, AA, A and BBB) from 1 to 6 years. The study is global and covers the period from 1981 to 2004.

For example, if a bond has a S&P’s A rating, the statistical likelihood of default of such bond based on the cumulative historical default history of such bonds between 1981 and 2004 is 0.04 per cent. in the first year following issue, 0.13 per cent. in the second year, 0.24 per cent. in the third year, and so on. The significance of these historical default rates is that there has been a correlation between S&P’s ratings and the incidence of default. That is, the higher the rating the lower the incidence of default.

Cumulative Average Default Rates, 1981-2004 (%)

<u>Rating</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
AAA.....	0.00%	0.00%	0.03%	0.06%	0.10%	0.17%
AA.....	0.01%	0.04%	0.09%	0.19%	0.30%	0.41%
A.....	0.04%	0.13%	0.24%	0.40%	0.61%	0.84%
BBB.....	0.29%	0.81%	1.40%	2.19%	2.99%	3.73%

Source: S&P 2005 Annual Global Corporate Default Study

These historical default rates provide a measure of the historical accuracy of S&P’s ratings. However, they are not necessarily, or at all, indicative of the likelihood of a Credit Event occurring to any of the Reference Entities.

FUND STABILITY RATINGS

In respect of money market funds, liquidity funds or similar investment vehicles that principally invest in short term fixed income obligations, each of S&P, Moody’s and Fitch have issued guidelines on the stability ratings applicable to such funds.

S&P Principal Stability Fund Ratings

A S&P Principal Stability fund rating, also known as a money-market fund rating, is a current opinion of a fund’s capacity to maintain stable principal or net asset value. When assigning a Principal Stability rating to a fund, S&P evaluates the creditworthiness of a fund’s investments and counterparties, the market price exposure of its investments, sufficiency of the fund’s portfolio liquidity, and management’s ability and policies to maintain the fund’s stable net asset value by limiting exposure to loss.

A principal stability fund rating (also known as a money market fund rating) is not directly comparable with a bond rating due to differences in investment characteristics, rating criteria, and creditworthiness of portfolio investments. For example, a money market fund portfolio provides greater liquidity, price stability, and diversification than a long-term bond, but not necessarily the credit quality that would be indicated by the corresponding bond rating. Ratings are not commentaries on yield levels. A principal stability fund rating is not a recommendation to buy, sell, or hold the shares of a fund. Further, the rating may be changed, suspended, or withdrawn as a result of changes in or unavailability of information related to the fund.

AAAm

Fund has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

AAm

Fund has very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

Am

Fund has strong capacity to maintain principal stability, but is somewhat more susceptible to principal losses due to adverse credit, market, and/or liquidity risks.

BBBm

Fund has adequate capacity to maintain principal stability. Nevertheless, adverse market conditions and/or higher levels of redemption activity are more likely to lead to a weakened capacity to limit exposure to principal loss as a result of higher exposure to credit, market and/or liquidity risks.

BBm

Fund has uncertain capacity to maintain principal stability, and is vulnerable to principal losses resulting from its exposures to credit, market, and/or liquidity risks.

Dm

Fund has failed to maintain principal stability resulting in a realized or unrealized loss of principal.

+ or – Ratings may be modified (except 'AAAm') to show relative standing within the rating categories.

Moody's Market Risk Ratings

Moody's Mutual Fund Market Risk ratings are opinions of the relative degree of volatility of a rated fund's net asset value (NAV). In forming an opinion on the fund's future price volatility, Moody's analysts consider risk elements that may have an effect on a fund's net asset value, such as interest rate risk, prepayment and extension risk, liquidity and concentration risks, currency risk, and derivatives risk. The ratings are not intended to reflect the prospective performance of a fund with respect to price appreciation or yield.

MR1

Money Market Funds and Bond Funds rated MR1 are judged to have very low sensitivity to changing interest rates and other market conditions.

MR2

Money Market Funds and Bond Funds rated MR2 are judged to have low sensitivity to changing interest rates and other market conditions.

MR3

Money Market Funds and Bond Funds rated MR3 are judged to have moderate sensitivity to changing interest rates and other market conditions.

MR4

Money Market Funds and Bond Funds rated MR4 are judged to have high sensitivity to changing interest rates and other market conditions.

MR5

Money Market Funds and Bond Funds rated MR5 are judged to have very high sensitivity to changing interest rates and other market conditions.

Note: A "+" modifier appended to the MR1 rating category denotes constant NAV money market funds and other qualifying funds.

Fitch Money Market Fund Ratings

Fitch's money market fund ratings are an assessment of the safety of invested principal and the ability to maintain a stable market value of the fund's shares. Ratings are based on an evaluation of several factors, including credit quality, diversification, and maturity of assets in the portfolio, as well as management strength and operational capabilities.

AAA/VI+

Money market funds have the highest credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is extremely strong.

AA/VI+

Money market funds have very high credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is very strong.

A/VI+

Money market funds have high credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is strong.

BBB/VI+

Money market funds have adequate credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is acceptable.

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APPENDIX C
FORM OF PRICING SUPPLEMENTS

PRICING SUPPLEMENT
SERIES 1, TRANCHE [A][B]²

26 September 2006

PINNACLE PERFORMANCE LIMITED

PRICING SUPPLEMENT

relating to
Series 1 (“**this Series**”)

[USD][SGD] Fixed Rate First-to-Default Credit-Linked Notes due 2012
 (“**Tranche [A][B] Notes**” and in this Pricing Supplement, the “**Notes**”)

pursuant to its Structured Note Programme

arranged by

MORGAN STANLEY DEAN WITTER ASIA (SINGAPORE) PTE.

The Notes shall have the terms and conditions set out as the Master Conditions in the Annex for First-to-Default Note Type set out in Part 1 of the Base Prospectus dated 7 August 2006, as completed, modified and supplemented by this document. This document constitutes the Pricing Supplement as referred to in the Master Conditions.

The terms of the Tranche [A][B] Notes are as follows:

- | | |
|------------------------------|--|
| 1. Issuer: | Pinnacle Performance Limited |
| 2. Arranger: | Morgan Stanley Dean Witter Asia (Singapore) Pte. |
| 3. (i) Series No: | 1 |
| (ii) Tranche: | [A][B] |
| Terms of Series | |
| 4. Note Type: | First-to-Default Note Type |
| 5. Relevant Currency: | [United States dollars (“ US\$ ” or “ USD ”)]
[Singapore dollars (“ S\$ ” or “ SGD ”)] |
| 6. Principal Amount: | [US\$[•]]
[S\$[•]] |
| 7. Form of the Notes: | Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note. The Permanent Global Note will be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note. |
| 8. Status: | Secured and limited recourse obligations of the Issuer, secured as provided below |
| 9. Denomination(s): | [US\$5,000][S\$8,000] per Note Condition 17 shall not apply |
| 10. Issue Date: | 26 September 2006 |
| 11. Issue Price: | 100 per cent. of the Principal Amount |
| 12. Scheduled Maturity Date: | 26 March 2012 |

² In this form of Pricing Supplement, terms contained in the first set of square brackets relate to Tranche A, terms contained in the second set of square brackets relate to Tranche B.

Credit Terms

13. Reference Entities, Entity Types and Reference Obligations:

<u>Reference Entity</u>	<u>Entity Type</u>	<u>Reference Obligation</u>	
People's Republic of China	Asia Sovereign Reference Entity	Primary Obligor: Ranking: Issue Date: Maturity Date: Coupon: Currency: ISIN:	People's Republic of China Senior 23 May 2001 23 May 2011 6.8% per annum US\$ XS0129936331
Republic of Korea	Asia Sovereign Reference Entity	Primary Obligor: Ranking: Issue Date: Maturity Date: Coupon: Currency: ISIN:	Republic of Korea Senior 3 June 2003 1 June 2013 4.25% per annum US\$ US50064FAC86
Malaysia	Asia Sovereign Reference Entity	Primary Obligor: Ranking: Issue Date: Maturity Date: Coupon: Currency: ISIN:	Malaysia Senior 9 July 2001 15 July 2011 7.5% per annum US\$ US560904AF11
Bank of China Limited	Asia Corporate Reference Entity	Primary Obligor: Ranking: Issue Date: Maturity Date: Coupon: Currency: ISIN:	Bank of China Limited Senior 16 March 1994 15 March 2014 8.25% per annum US\$ US061194AB21
Kingdom of Thailand	Asia Sovereign Reference Entity	Primary Obligor: Ranking: Issue Date: Maturity Date: Coupon: Currency: ISIN:	Kingdom of Thailand Senior 15 April 1997 15 April 2007 7.75% per annum US\$ US88322KAC53
The Korea Development Bank	Asia Corporate Reference Entity	Primary Obligor: Ranking: Issue Date: Maturity Date: Coupon: Currency: ISIN:	The Korea Development Bank Senior 10 September 2003 10 September 2013 5.75% per annum US\$ US500630BG24
Petroliam Nasional Berhad (Petronas)	Asia Corporate Reference Entity	Primary Obligor: Guarantor: Ranking: Issue Date: Maturity Date: Coupon: Currency: ISIN:	PETRONAS Capital Limited Petroliam Nasional Berhad Senior 22 May 2002 22 May 2012 7% per annum US\$ USY68856AA47
14. Base Currency:			US\$

Redemption provisions

15. Redemption Amount:	In respect of each Note, 100% of its Denomination
16. Instalment Date(s) (if applicable):	Not Applicable
17. Instalment Amount(s) (if applicable):	Not Applicable

- | | |
|-------------------------|---|
| 18. Tax redemption: | Condition 7(c)(i)(C) shall apply |
| 19. Purchase option: | Condition 7(d) shall not apply |
| 20. Issuer Call Option: | Applicable
The Issuer Call Option will only be exercised if the Swap Counterparty Option has been exercised. The Swap Agreement shall be terminated pursuant to the exercise of the Swap Counterparty Option without any termination payment being due from the Issuer or the Swap Counterparty.
Pursuant to the terms of the Forward Agreement, if the Issuer Call Option is exercised in relation to the Notes, Security over the Underlying Assets will be automatically released and the Issuer will deliver to the Forward Counterparty the Underlying Assets in respect of the Notes, and the Forward Counterparty will pay to the Issuer a cash amount equal to the principal amount of the Notes. |

Interest

- | | |
|--|---|
| 21. Interest Commencement Date (if different from Issue Date): | Issue Date |
| 22. Interest Basis: | Fixed |
| 23. Interest Payment Date(s): | Semi-annually in arrear on 26 March and 26 September in each year, commencing on 26 March 2007 up to and including the Scheduled Maturity Date, each date subject to adjustment in accordance with the Following Business Day Convention, provided that no adjustment shall be made to the Interest Amount as a result of such adjustment to an Interest Payment Date |
| 24. Fixed Rate Note Provisions: | Applicable |
| (iii) Fixed Rate of Interest: | [6.40][4.95] per cent. per annum |
| (iv) Interest Amount: | [USD[160.00]][SGD[198.00]] per Note |
| (v) Day Count Fraction: | 30/360 |
| (vi) Business Day: | As defined in the Master Conditions |
| (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: | Not Applicable |
| 25. Floating Rate Note Provisions: | Not Applicable |
| 26. Zero Coupon Note Provisions | Not Applicable |
| 27. Index Note Provisions | Not Applicable |

Other

- | | |
|--|---|
| 28. Unmatured Coupons to become void upon early redemption: | Not Applicable |
| 29. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (Bearer Notes): | Not Applicable |
| 30. Dual Currency Note Provisions: | Not Applicable |
| 31. Business Day Jurisdictions for Condition 8(g) (jurisdictions required to be open for payment): | Singapore, New York and London |
| 32. Details of any other additions or variations to the Conditions: | So long as any Notes are represented by Global Notes, notices in respect of those Notes may be given by delivery of the relevant notice to entitled CDP account holders in substitution for |

publication in a daily newspaper with general circulation in Singapore.

Condition 15 is hereby amended accordingly.

33. Charged Assets:

(a) Original Underlying Assets:

[insert details of Original Underlying Assets]

[The Issuer will, if it determines (in consultation with the Determination Agent) that Synthetic CDO Securities satisfying the criteria below are available for investment by the Issuer, (i) in the case of Liquidity Funds or Certificates of Deposit, sell such Liquidity Funds or Certificates of Deposit (provided the amount at which such Liquidity Funds or Certificates of Deposit are sold is at or above their outstanding principal amount) and (ii) reinvest such Cash Deposits and/or the proceeds of such sale in Synthetic CDO Securities which are:

- (a) denominated in USD;
- (b) is rated at least AA or Aa2 by at least one of S&P, Moody's and/or Fitch
- (c) is not subject to negative "CreditWatch" by S&P, is not subject to review for possible downgrade on Moody's "Watchlist" and is not subject to Fitch "Rating Watch" Negative;
- (d) is acceptable to the Swap Counterparty as a funding source for the obligations of the Issuer under the Swap Agreement; and
- (e) has a maximum maturity which falls on or prior to the Scheduled Maturity Date of the Notes.

Such Synthetic CDO Securities will then form part of the Underlying Assets.³

(b) The criteria applicable to Eligible Investments:

Other than Cash Deposits, for which no additional criteria will apply, Eligible Investments (or the issuer(s) or obligor(s) thereof) must satisfy the following criteria on the date on which the Issuer makes investment therein:

- (a) any USD denominated securities, including Asset-Backed Securities and Credit Commodity Linked Securities, rated (or issued by an entity rated) at least "Aaa" or "P-1" by Moody's or any successor to the rating business thereof or at least "AAA" or "A-1" by S&P or any successor to the rating business thereof or at least "AAA" or "F1" by Fitch or any successor to the rating business thereof that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody's Watchlist or placed on "Rating Watch Negative" by Fitch, as applicable, at the time of its acquisition; and/or

³ Only applicable if Original Underlying Assets are not Synthetic CDO Securities

- (b) any USD denominated Medium Term Notes, CDO Squared Securities or Synthetic CDO Securities rated at least “Aa2/P-1” by Moody’s or at least “AA/A-1” by S&P or at least “AA/F1” by Fitch that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or
- (c) any USD denominated Commercial Paper or Certificate of Deposit rated at least “P-1” by Moody’s and/or at least “A-1” by S&P and/or at least “F1” by Fitch or issued by an entity rated at least “P-1” by Moody’s and/or at least “A-1” by S&P and/or at least “F1” by Fitch, that has a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes and which is not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or
- (d) any USD denominated Liquidity Fund, including, without limitation, any investment vehicle for which the Arranger, the Determination Agent, the Custodian or the Trustee, or an Affiliate of any of them, provides services, provided that at the time such investment is entered into, such fund has a money market fund rating of at least “Aaa/MR1+” by Moody’s and/or at least “AAAm” by S&P and/or at least AAA/V1+ by Fitch, and that such fund distributes interest or dividends on such investment on a regular basis and at least quarterly.

(c) Security (order of priorities):

The Trustee shall apply all moneys received by it under the Trust Deed in connection with the realisation or enforcement of the Security constituted by or pursuant to the Trust Deed in accordance with the following:

- (a) First, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts under the notes and the Trust Deed (including any taxes required to be paid, the costs of realising or enforcing any security and the Trustee’s remuneration);
- (b) Secondly, rateably in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Principal Paying Agent, the Custodian and the Administrator other than those set out in (d) below;
- (c) Thirdly, rateably in meeting the claims (if any) of the Swap Counterparty under the Swap Agreement and the Forward Counterparty under the Forward Agreement

(which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Swap Counterparty under the Swap Agreement or the Forward Counterparty under the Forward Agreement, as the case may be, and relating to sums receivable on the Underlying Assets);

- (d) Fourthly, rateably in meeting the claims (if any) of the holders of Notes and Coupons (as defined in the Master Conditions) (which for this purpose will include any claim of the Custodian and the Principal Paying Agent for reimbursement in respect of payment of principal and interest made to holders of Notes and/or Coupons); and
- (e) Fifthly, in payment of the balance (if any) to the Issuer.

In accordance with the Supplemental Trust Deed, the Security for the Notes shall comprise all of the following:

- (i) a first fixed charge in favour of the Trustee over the Underlying Assets and all of the Issuer's rights attaching to or relating to the Underlying Assets and all sums derived therefrom;
- (ii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest against the Custodian, to the extent they relate to the Underlying Assets;
- (iii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest under each of the Swap Agreement, the Swap Guarantee, the Forward Agreement and the Forward Guarantee, and any sums received thereunder;
- (iv) a first fixed charge in favour of the Trustee over (a) all sums received under the Swap Agreement, the Swap Guarantee, the Forward Agreement and the Forward Guarantee; and (b) any sums held by the Principal Paying Agent and/or the Custodian to meet payments due in respect of the Notes; and
- (v) an assignment by way of first fixed charge in favour of the Trustee of the Issuer's rights, title and interest under the Agency Agreement in respect of the Notes and the Underlying Assets, including all sums derived therefrom in respect of the Notes and all rights against the Custodian with respect to the Underlying Assets, including without limitation all rights to the delivery of such Underlying Assets against the Custodian under the Agency Agreement or any applicable clearing system or the operator thereof or against any bank, broker or other intermediary and including all sums and

other rights derived from such Underlying Assets.

The claims of the Trustee, the Custodian, the Principal Paying Agent, the Swap Counterparty and the Forward Counterparty against the Issuer shall rank prior to the claims of the Noteholders under the Notes in the application of all moneys received in connection with the realisation or enforcement of the Security. In realising the Charged Assets, the Trustee is obliged to act in accordance with the directions of the Instructing Creditor as described in Condition 3(c).

(d) Instructing Creditor:

Swap Counterparty

(e) Related Agreements:

(i) Swap Agreement (including the Credit Default Swap Transaction and the Asset Swap Transaction) and the Swap Guarantee:

In connection with the issue of the Notes, the Issuer has entered into, amongst other things, an ISDA Master Agreement (the “**Swap Master Agreement**”) dated as of 7 August 2006 between the Issuer and the Swap Counterparty which Swap Master Agreement benefits from a guarantee (the “**Swap Guarantee**”) of the Swap Guarantor dated 7 August 2006. In respect of this Series the Issuer has executed certain confirmations thereto which incorporate the terms of the Swap Master Agreement. The confirmations to the Swap Master Agreement which relate to the Notes comprise a credit default swap transaction (the “**Credit Default Swap Transaction**”) and an asset swap transaction (the “**Asset Swap Transaction**”), each dated the Issue Date. The Swap Master Agreement together with the confirmations thereto which relate to the Notes are together referred to herein as the “**Swap Agreement**”.

Pursuant to the terms of the Credit Default Swap Transaction the Issuer has agreed to sell credit protection to the Swap Counterparty in relation to the Reference Entities in a notional amount equal to the Principal Amount of the Notes against payment of a premium amount (the “**Credit Default Swap Premium**”) and the Issuer has agreed that following the giving of notice of the occurrence of a Credit Event, it will pay to the Swap Counterparty an amount equal to the Liquidation Proceeds and the Swap Counterparty will pay an amount equal to the Credit Event Redemption Amount.

Furthermore, in connection with the issue of the Notes the Issuer has entered into the Asset Swap Transaction in a notional amount equal to the Principal Amount of the Notes pursuant to which (A) the Issuer has agreed to pay to the Swap Counterparty (i) an amount equal to all distributions in respect of interest or income receivable by the Issuer in respect of the Underlying Assets and (ii) an amount equal to the Credit Default Swap Premium and (B) the Swap Counterparty has agreed to pay to the Issuer an amount equal to all amounts of interest due in respect of the Notes.

(ii) Forward Agreement and the Forward Guarantee:

In connection with the issue of the Notes, the Issuer has also entered into, amongst other things,

an ISDA Master Agreement (the “**Forward Master Agreement**”) dated 7 August 2006 between the Issuer and the Forward Counterparty which Forward Master Agreement benefits from a guarantee (the “**Forward Guarantee**”) of the Swap Guarantor dated 7 August 2006. In respect of this Series the Issuer has executed certain confirmations thereto which incorporate the terms of the Forward Master Agreement. The confirmation to the Forward Master Agreement which relates to the Notes comprise a contingent forward transaction dated the Issue Date. The Forward Master Agreement together with the confirmation thereto which relates to the Notes are referred to herein as the “**Forward Agreement**”.

Pursuant to the terms of the contingent forward transaction, if an Issuer Call Option is exercised in relation to the Notes, the Issuer will deliver to the Forward Counterparty the Underlying Assets in respect of the Notes, and the Forward Counterparty will pay to the Issuer a cash amount equal to the principal amount of the Notes.

Each of the Swap Agreement and the Forward Agreement may be terminated early, among other circumstances:

- (a) at the election of the non-defaulting party upon an “Event of Default” under the Swap Agreement or the Forward Agreement, as the case may be, including:
 - (i) the failure of the other party to pay any amount due and payable under the Swap Agreement or the Forward Agreement, as the case may be, and such failure continues for one Business Day (as defined in the Swap Agreement or the Forward Agreement, as the case may be);
 - (ii) non-compliance by the Swap Guarantor with any of its obligations under the Swap Guarantee or the Forward Guarantee, as the case may be, or the ceasing of the Swap Guarantee or the Forward Guarantee (as the case may be) to be in full force and effect;
 - (iii) the merger of either party or the Swap Guarantor, as the case may be, with another entity and such entity fails to assume all of the relevant party’s obligations under the Swap Agreement or the Swap Guarantee, or the Forward Agreement or the Forward Guarantee, as the case may be;
- (b) on the occurrence of certain “Termination Events” under the Swap Agreement or the Forward Agreement, as the case may be, including:
 - (i) it becoming illegal for either party to perform its obligations under the Swap Agreement or the Forward Agreement, as the case may be, or for the Swap

- Guarantor to perform its obligations under the Swap Guarantee or the Forward Guarantee, as the case may be;
- (ii) if (subject as provided in the Swap Agreement or the Forward Agreement, as the case may be) withholding taxes are imposed on payments made by the Issuer, the Swap Counterparty or the Forward Counterparty under the Swap Agreement and/or the Forward Agreement, as the case may be, which is not avoided by a transfer by the Affected Party (as defined in the Swap Agreement or the Forward Agreement, as the case may be) of its rights and obligations on terms provided in the Swap Agreement or the Forward Agreement, as the case may be;
 - (iii) when the Notes become repayable in whole prior to the Scheduled Maturity Date (other than as a result of the occurrence of a Credit Event or as a result of the exercise of an Issuer Call Option or Swap Counterparty Option);
- (c) where a Credit Event has occurred, the Asset Swap Transaction and the Forward Agreement will terminate on the Event Determination Date; and
 - (d) upon the exercise by the Issuer of the Issuer Call Option, or the exercise by the Swap Counterparty of a Swap Counterparty Option, the Asset Swap Transaction and the Credit Default Swap Transaction will terminate on the immediately following Interest Payment Date.

Consequences of Early Termination:

Upon any such early termination of the Swap Agreement or the Forward Agreement (in whole or in part), as the case may be, and such agreement is not replaced on or prior to such termination, the Notes will become repayable and the Issuer, the Swap Counterparty or the Forward Counterparty (as the case may be) may (subject as set out below and provided, in the case of certain tax events, that the Issuer may first be obliged to use all reasonable endeavours to transfer its obligations) be liable to make a termination payment to the other in respect of the Swap Agreement or the Forward Agreement, as the case may be (regardless, if applicable, of which of such parties may have caused such termination).

Further, under the terms of the Swap Agreement and the Forward Agreement, termination payments will not be payable following termination as a result of the exercise by the Issuer of an Issuer Call Option, the exercise by the Swap Counterparty of a Swap Counterparty Option, or the occurrence of a an Event Determination Date (save in respect of any amounts which should have been paid prior to the date of termination and which remain unpaid).

Where such a termination payment is payable, it will be based on the total losses and costs and/or gains incurred in the termination of the Swap Agreement or the Forward Agreement, as the case may be, and the termination payment would typically take into account the market value of the terminated Swap Agreement or the Forward Agreement, as the case may be, based on market quotations of the cost of entering into a transaction with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties under the Swap Agreement or the Forward Agreement, as the case may be.

Regardless of which party makes the determination of the termination payment (if any), there is no assurance that the proceeds from the sale of the Underlying Assets plus or minus, as the case may be, the amount payable by the Swap Counterparty/Forward Counterparty or the Issuer, as the case may be, due to the termination of the Swap Agreement or the Forward Agreement, as the case may be, will be sufficient to repay the principal amount due to be paid in respect of the Notes and any other amounts in respect thereof that are due.

- | | |
|---|---|
| (iv) Exercise of Morgan Stanley Exchange Option: | Following an exercise of the Morgan Stanley Exchange Option by Morgan Stanley & Co. International Limited in respect of any Notes, a pro rata amount of the Swap Agreement and the Forward Agreement corresponding in each case to that proportion of the Notes to be exchanged will be terminated without any termination payment due from either party to the other thereunder. |
| (f) Parties to Related Agreements (other than Issuer): | Morgan Stanley Capital Services Inc. (the “ Swap Counterparty ”) in respect of the Swap Agreement and Morgan Stanley & Co. International Limited (the “ Forward Counterparty ”) in respect of the Forward Agreement |
| (g) Specify any other Charged Assets: | Not applicable |
| 34. Exchange: Global Note/Global Certificate exchangeable for Definitive Bearer/Registered Notes: | Yes, but only in the limited circumstances set out in the Global Note. |
| 35. Details of any additions or variations to the Programme Agreement: | None |
| 36. Listing: | None |
| 37. Clearing System(s): | The Central Depository (Pte) Limited (with a link to the Euroclear system) |
| 38. Depository: | The Central Depository (Pte) Limited |
| 39. Common Code: | [•] |
| 40. ISIN Code: | [•] |
| 41. Custodian: | The Hongkong and Shanghai Banking Corporation Limited
1 Queen’s Road Central
Hong Kong
Fax: +852 2801 5586
Attention: Corporate Trust and Loan Agency |
| 42. Registrar: | Not Applicable |
| 43. Principal Paying Agent, and Calculation Agent: | The Hongkong and Shanghai Banking Corporation Limited |

44. Determination Agent/Settlement Agent/
Market Agent:

21 Collyer Quay
#14-01
HSBC Building
Singapore 049320
Fax: +65 6532 4977/+65 6225 3770
Attention:
Head of Corporate Trust and Loan Agency
Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom
Fax: +44 (0) 20 7677 7990
Attention: Structured Credit Group
With copies to:
Morgan Stanley & Co. International Limited
c/o Morgan Stanley Dean Witter Asia Limited
30/F, Three Exchange Square, Central
Hong Kong
Fax: +852 2848-5986
Attention: Structured Credit Group

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ISSUER

Pinnacle Performance Limited
PO Box 1093GT, Queensgate House,
South Church Street, George Town,
Grand Cayman, Cayman Islands

ARRANGER

Morgan Stanley Dean Witter Asia (Singapore) Pte
23 Church Street
#16-01
Capital Square
Singapore 049481

TRUSTEE
**HSBC Institutional Trust
Services (Singapore) Limited**
21 Collyer Quay
#14-01
HSBC Building
Singapore 049320

CUSTODIAN
**The Hongkong and Shanghai
Banking Corporation Limited**
1 Queen's Road Central
Hong Kong

**PRINCIPAL PAYING
AGENT AND
CALCULATION AGENT**
**The Hongkong and Shanghai
Banking Corporation Limited**
21 Collyer Quay
#14-01
HSBC Building
Singapore 049320

LEGAL ADVISERS

*to the Arranger as to
Singapore law*
Wong Partnership
One George Street
#20-01
Singapore 049145

to the Arranger as to English law
Clifford Chance
29/F Jardine House
One Connaught Place
Central
Hong Kong

*to the Issuer as to
Cayman Islands law*
Maples and Calder
1504 One International
Finance Centre
1 Harbour View Street
Hong Kong

*to the Trustee, Custodian,
Principal Paying Agent,
Calculation Agent and Registrar as
to English law*
Clifford Chance
29/F Jardine House
One Connaught Place
Central
Hong Kong

