

PINNACLE PERFORMANCE LIMITED

To the Distributors of the Notes:

CIMB-GK Securities Pte Ltd
Kim Eng Securities Pte. Ltd.
Phillip Securities Pte Ltd

DMG & Partners Securities Pte Ltd
OCBC Securities Private Limited
Malayan Banking Berhad, Singapore Branch

Pinnacle Notes Series 1

USD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (ISIN: SG7I68931443)
("Tranche A Notes")

SGD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (ISIN: SG7I69931459)
("Tranche B Notes")

(each a "Tranche" and the notes of any or all Tranches, the "Notes") issued by Pinnacle Performance Limited pursuant to its U.S.\$5,000,000,000 Structured Note Programme (the "Programme")

We refer to our notice to distributors of the Notes dated 6 July 2009 informing them that a Mandatory Redemption Event has occurred in relation to the Notes, and to the Frequently Asked Questions attached to that notice.

We attach a notice from the Issuer to holders of the Notes which is given under the Conditions of the Notes and which contains important information in relation to the early redemption of the Notes following the Mandatory Redemption Event referred to above. Please send a copy of the attached notice to your customers who purchased the Notes.

Capitalised terms used but not otherwise defined in this notice or otherwise specified shall have the meanings ascribed thereto in the Pricing Statement relating to the Notes dated 7 August 2006.

Yours faithfully



PINNACLE PERFORMANCE LIMITED

BY: Giles Le Sueur
Director

13 August 2009

PINNACLE PERFORMANCE LIMITED

To: Holders of the Notes

Pinnacle Notes Series 1

**USD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (ISIN: SG7I68931443)
("Tranche A Notes")**

**SGD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (ISIN: SG7I69931459)
("Tranche B Notes")**

(each a "Tranche" and the notes of any or all Tranches, the "Notes") issued by Pinnacle Performance Limited pursuant to its U.S.\$5,000,000,000 Structured Note Programme (the "Programme")

We refer to our notice to distributors of the Notes dated 6 July 2009 informing them that a Mandatory Redemption Event has occurred in relation to the Notes and the Frequently Asked Questions attached to that notice.

We are now writing to inform you that on 21 August 2009 (the "**Early Redemption Date**"), the net sale proceeds of the sale of the Underlying Assets will be applied in accordance with the application of proceeds specified in the Supplemental Trust Deed for the Notes.

The Early Redemption Amount for the Notes is USD59,017.18, and was determined by reference to the Liquidation Proceeds of the Underlying Assets, which were held as collateral by the Issuer for its obligations to holders of the Notes and to other Secured Creditors in respect of the Notes, being the amount realisable upon the sale of the Underlying Assets in accordance with Condition 7(c) at the highest clean firm bid price obtained by the Swap Counterparty upon the solicitation of at least five Reference Dealers.

An amount equal to USD5,545.07 will be payable to the holders of the Tranche A Notes on a *pro rata* basis, so that the holder of each Tranche A Note will receive USD31.50 per Tranche A Note. An amount equal to USD53,472.11, which will be converted into SGD at the exchange rate prevailing on or about the Early Redemption Date (as determined by the Determination Agent, acting for and on behalf of the Issuer in its sole and absolute discretion acting in good faith) will be payable to the holders of the Tranche B Notes on a *pro rata* basis. The exchange rate at which the Early Redemption Amount for the Tranche B Notes and the amount which the holder of each Tranche B Note will receive will be determined on or about the Early Redemption Date. These amounts will be paid to CDP on the Early Redemption Date, and holders of the Notes must look solely to CDP for his share of such payment, subject to and in accordance with the rules and procedures of CDP. For the avoidance of doubt, no further amounts will be paid by the Issuer in respect of the Notes after their redemption on the Early Redemption Date.

As a result of the writedown of the principal amount of the Underlying Assets for the Notes and the unprecedented market conditions, there has been a very significant decline in the market value of the Underlying Assets. The market price of the Underlying Assets achieved

on the sale of the Underlying Assets was therefore substantially less than the principal amount of the Underlying Assets on the issue date of the Notes.

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

Investors in the Notes should refer to the Base Prospectus (including the Annex for First-to-Default Notes) dated 7 August 2006 and the Pricing Statement dated 7 August 2006 produced by the Issuer in relation to the offering of the relevant Notes for further information. Investors in the Notes should also refer to the notice to distributors of the Notes dated 6 July 2009 and the Frequently Asked Questions in relation to the Notes dated 6 July 2009, the Frequently Asked Questions in relation to the Pinnacle notes generally dated 18 December 2008 and the notice to distributors of the Notes dated 31 July 2009 for further information. These documents and certain other documents and information in relation to the Notes can be viewed on the following website: www.morganstanley.com/pinnaclenotes.

Capitalised terms used but not otherwise defined in this notice or otherwise specified shall have the meanings ascribed thereto in the Pricing Statement relating to the Notes dated 7 August 2006.

Yours faithfully



PINNACLE PERFORMANCE LIMITED

BY: Giles Le Sueur
Director

13 August 2009