

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 are writing to you because of recent market events. As previously, although we are under no obligation to provide information in respect of the Notes or the Underlying Assets beyond that specified in the Prospectus, in the present exceptional circumstances we believe it may be helpful to write to all Distributors to provide certain information relating to the Notes and the Underlying Assets. We would encourage you to provide this information to your customers who invested in the Notes.

Since we sent our previous notice to you in relation to the Notes on 16 April 2009, a credit event has occurred in respect of Syncora Guarantee Inc. (formerly known as XL Capital Assurance Inc.). Whilst this is not a reference entity under the Notes, it is a reference entity under the Underlying Assets.

As of the date of this notice, the occurrence of this credit event has not resulted in a Mandatory Redemption Event in relation to the Notes. However, it is likely that a Mandatory Redemption Event may shortly occur as a result of this credit event. We will provide you with further information if and when that eventuates.

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

Capitalised terms used but not otherwise defined in this notice or otherwise specified shall have the meanings ascribed thereto in the Pricing Statement relating to the Notes dated 7 August 2006 (the "Pricing Statement") or the Private Placement Memorandum Supplement of the Underlying Assets dated 25 September 2006 (the "PPMS"). The Pricing Statement, the PPMS and certain other documents and information in relation to the Notes can be viewed on the following website: www.morganstanley.com/pinnaclenotes.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Giles Le Sueur".

PINNACLE PERFORMANCE LIMITED

BY: **Giles Le Sueur**
Director

7 May 2009