

PINNACLE NOTES

SERIES 1

FREQUENTLY ASKED QUESTIONS

6 July 2009

These Frequently Asked Questions have been prepared by Pinnacle Performance Limited for the distributors of the Pinnacle Notes, Series 1 in Singapore. Any questions from investors should be raised with the institution who sold them the Notes in Singapore.

Please read the important notice at the end of this document.

1. Which Pinnacle Notes are affected?

The following notes (referred to herein as the "Notes") issued by Pinnacle Performance Limited (the "Issuer") are affected:

<i>Series</i>	<i>Notes</i>	<i>Issue Date</i>
Pinnacle Performance Limited Series 1	USD Fixed Rate First-to-Default Credit-Linked Notes due 2012 ("Tranche A Notes")	26 September 2006
Pinnacle Performance Limited Series 1	SGD Fixed Rate First-to-Default Credit-Linked Notes due 2012 ("Tranche B Notes")	26 September 2006

2. What has happened to the Notes?

A mandatory redemption event has occurred with respect to the Notes because of a reduction of the outstanding principal amount of the Underlying Assets held by the Issuer in accordance with their terms ("Principal Writedown"). As set out in the offering documents for the Notes (see the important notice below for further details), the Underlying Assets are Synthetic CDO Securities which are held as collateral by the Issuer for its obligations to holders of the Notes and to other secured creditors in respect of the Notes.

The Underlying Assets were rated "AA" as at the issue date of the Notes by Fitch, the internationally recognised rating agency. As a result of the recent unprecedented events in the financial markets, the rating of the Underlying Assets was downgraded by Fitch to "C" with a Recovery Rating of "RR6".

3. Why did a Principal Writedown occur?

A Principal Writedown occurred in relation to the Underlying Assets because, following the recent unprecedented events in the financial markets, credit events have occurred for each of the following reference entities in the reference portfolio of the Underlying Assets:

- Federal Home Loan Mortgage Corporation;
- Federal National Mortgage Association;
- Glitnir banki hf.;
- Kaupthing banki hf.;
- Landsbanki Islands hf.;
- Idearc Inc.; and
- Syncora Guarantee Inc. (formerly known as XL Capital Assurance Inc.).

The aggregate loss calculations arising from these credit events exceeded the specified threshold amount in respect of the Underlying Assets, resulting in a Principal Writedown of the Underlying Assets in accordance with their terms.

4. What are the consequences of this mandatory redemption event?

On 29 June 2009, the Swap Counterparty for the Notes, Morgan Stanley Capital Services, Inc., notified the Issuer of the Notes that a Principal Writedown had occurred in relation to the Underlying Assets. Thereafter the Notes became subject to mandatory early redemption as set out in the offering documents for the Notes and as summarised below.

As set out in the offering documents for the Notes, following the Principal Writedown of the Underlying Assets, the Underlying Assets will be sold in accordance with the terms of the Notes. This process will involve the valuation and sale of the Underlying Assets by reference to bids obtained from reference dealers in the market. Thereafter, the early redemption amount of the Notes will be calculated as further set out below.

5. What is the process for the sale of the Underlying Assets for the Notes following the mandatory redemption event in respect of the Notes?

As set out in the offering documents for the Notes, following the writedown of the principal amount of the Underlying Assets which are held by the Issuer as collateral for its obligations in respect of the Notes and the resulting occurrence of a mandatory redemption event for the Notes, the Underlying Assets will be sold at the highest clean firm bid price obtained by Morgan Stanley Capital Services Inc. as swap counterparty for the Notes upon the solicitation of five reference dealers selected by Morgan Stanley & Co. International plc as Determination Agent for the Notes acting for and on behalf of the Issuer (which reference dealers will not be affiliated to each other and may include Morgan Stanley & Co. International plc or any of its affiliates). As set out in the offering documents for the Notes, the Custodian for the Pinnacle notes, acting as agent for the Issuer, will arrange for and administer the sale of the Underlying Assets for the Notes in accordance with the terms of the Notes. To do so, the Custodian will deliver the

Underlying Assets to the reference dealer which purchases the Underlying Assets in accordance with the process set out above and take receipt of the sale proceeds of the Underlying Assets for distribution in accordance with the terms of the Notes.

6. How is the early redemption amount calculated following a mandatory redemption event?

As set out in the offering documents for the Notes, the amount that each investor will receive on the early redemption of the Notes will be equal to that investor's pro-rata share of:

- a) the proceeds of the sale of the Underlying Assets; minus
- b) the costs, expenses and disbursements associated with the sale of the Underlying Assets; minus
- c) any amounts owed by the Issuer to any priority secured creditors in relation to the Notes, including The Central Depository (Pte) Limited (the clearing system for the Notes), the Trustee, the Custodian, the Principal Paying Agent for the Notes and the Administrator of the Issuer.

As the Tranche B Notes are denominated in Singapore dollars, the early redemption amount for the Tranche B Notes will be converted into Singapore dollars at the USD/SGD exchange rate prevailing on or about the date on which the Notes are redeemed.

It is not currently anticipated that there will be any material costs, expenses and disbursements associated with the sale of the Underlying Assets.

7. How much will investors receive when the Notes are redeemed?

Given the current market value of the Underlying Assets, we anticipate that investors will lose all or substantially all of their original principal investment.

8. When will the Notes be redeemed?

The Issuer will redeem the Notes after the sale proceeds of the Underlying Assets have been received and the process for the determination of the early redemption amount has been completed. Holders of the Notes will be notified of the date of redemption and the early redemption amount (if any) in accordance with the offering documents for the Notes. We expect that the Issuer will be in a position to redeem the Notes within approximately eight to twelve weeks from the date hereof.

9. Will the Notes pay any interest after the mandatory redemption event?

No. As set out in the offering documents for the Notes, the Notes ceased to bear interest from the interest payment date immediately preceding the mandatory redemption event.

10. Who can answer any questions I may have?

You should contact the distributor in Singapore that sold you the Notes at the contact telephone number set out below.

Distributor	Contact Number
CIMB-GK Securities Pte Ltd	1800 538 9889
DMG & Partners Securities Pte Ltd	6538 3773
Kim Eng Securities Pte. Ltd.	6226 0300
OCBC Securities Private Limited	6538 4775
Phillip Securities Pte Ltd	6531 1555
Malayan Banking Berhad, Singapore Branch	1800 629 2265

IMPORTANT NOTICE

This document is a summary of some of the terms of the Notes which are relevant to the questions above and is subject to the full terms of the Notes which are described in the relevant offering documentation in respect of the Notes. Investors 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 (together referred to in these Frequently Asked Questions as the offering documents for the Notes) for further information. Investors should also refer to the Pricing Supplements in respect of the Notes. These documents and certain other documents in relation to the Notes can be accessed at www.morganstanley.com/pinnaclenotes. Although Pinnacle Performance Limited is under no obligation to provide information in respect of the Notes or the Underlying Assets relating to the Notes beyond that specified in the offering documents for the Notes, in the present unprecedented market conditions Pinnacle Performance Limited believes that it may be helpful to provide these Frequently Asked Questions relating to the Notes. Except as specified in the offering documents for the Notes, Pinnacle Performance Limited is not under any obligation to provide further information in relation to the Notes or to update the information contained in these Frequently Asked Questions.

This document only contains general information in relation to the Notes and does not constitute legal, financial or any other advice. Investors should seek independent advice where necessary. Capitalised terms used in this document but not otherwise defined herein have the meaning given in the offering documents for the relevant Notes.