

**PRICING SUPPLEMENT**

**SERIES 12, TRANCHE B**

**Dated 16 June 2008**

**PINNACLE PERFORMANCE LIMITED**

relating to the issue of

Series 12 ("**this Series**")

SGD Equity-Linked Notes due 2011

("Tranche B Notes" and in this Pricing Supplement, the "**Notes**")

pursuant to its U.S.\$5,000,000,000 Structured Note Programme

arranged by

**MORGAN STANLEY ASIA (SINGAPORE) PTE.**

**(formerly known as Morgan Stanley Dean Witter Asia (Singapore) Pte.)**

The Notes shall have the terms and conditions set out as the Equity Master Conditions in the Appendix to the Supplementary Base Prospectus dated 8 May 2008 (the "**Applicable Annex**"), as completed, modified and supplemented by this document. This document constitutes the Pricing Supplement as referred to in the Equity Master Conditions.

The terms of the Tranche B Notes are as follows:

- |                   |                                      |
|-------------------|--------------------------------------|
| 1. Issuer:        | Pinnacle Performance Limited         |
| 2. Arranger:      | Morgan Stanley Asia (Singapore) Pte. |
| 3. (i) Series No: | 12                                   |
| (ii) Tranche:     | B                                    |

**Terms of Series**

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|-----------------------|--|
| 4. Note Type:         | Equity-Linked Note Type  |
| 5. Relevant Currency: | Singapore dollars (" <b>S\$</b> " or " <b>SGD</b> ")   |
| 6. Principal Amount:  | S\$5,475,000   |
| 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. Denominations:     | US\$5,000 per Tranche A Note and S\$5,000 per Tranche B Note. Condition 18 shall not apply   |

10. Issue Date:	16 June 2008
11. Issue Price:	100 per cent. of the Principal Amount
12. Scheduled Maturity Date:	In respect of each Tranche of Notes, the date falling 10 Business Days after the 36th Valuation Date and which is expected to be 16 June 2011 (or, if applicable, such other date falling 36 months after the Issue Date).

### Equity Terms

13. Single Share Notes, Share Basket Notes Provisions:	Not Applicable
14. Index/Index Basket Notes Provisions:	Applicable
(i) Whether the Notes relate to a single index or a basket of indices (each an "Index"):	MCSI Singapore Index (Bloomberg Code: SGY Index)
(ii) Valuation Date:	The second day of each month, subject to adjustment as a result of one or more Disrupted Days pursuant to Condition 8(a)(i)(1), commencing on or about 2 July 2008.
(iii) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Settlement or (c) Cash or Physical Settlement at the option of the Determination Agent, acting for and on behalf of the Issuer:	Cash Settlement
(iv) Exchange:	Singapore Exchange Securities Trading Limited
(v) Related Exchange:	All Exchanges
(vi) Weighting for each Index comprising the Basket:	Not Applicable
(vii) Delivery provisions (including details of who is to make such delivery):	Not Applicable
(viii) Physical Settlement:	Not Applicable
(ix) Additional Disruption Events:	Not Applicable
(x) Other terms or special conditions:	Change in Law, Hedging Disruption, Increased Cost of Hedging See Annex 1 (Special Conditions) of this Pricing Supplement which provides details and terms of the Interest Amount
15. Base Currency:	S\$

### Redemption provisions

16. Redemption Amount:	In respect of each Note, 100% of its Denomination
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17. Instalment Date(s) (if applicable):	Not Applicable
18. Instalment Amount(s) (if applicable):	Not Applicable
19. Tax redemption:	Condition 7(c) (i) (C) shall apply
20. Purchase option:	Condition 7(d) shall not apply
21. Additional Underlying Disposal Event (if applicable):	Not Applicable
22. Issuer Call Option:	Not Applicable
<b>Interest</b>	
23. Interest Commencement Date (if different from Issue Date):	Issue Date
24. Interest Basis:	In respect of each Interest Payment Date, a variable interest amount linked to the share price performance of the Index to be calculated by the Determination Agent (as determined in accordance with Paragraph A of Annex 1 (Special Conditions) of this Pricing Supplement).
25. Interest Payment Date(s):	Payable annually in arrear on the dates falling 10 Business Days after the 12th, 24th and 36th Valuation Dates, commencing on or about 16 June 2009 (or, if applicable, such other date as may be the first anniversary of the Issue Date) up to and including the Scheduled Maturity Date, each such date subject to adjustment in accordance with the Following Business Day Convention.
26. Fixed Rate Note Provisions:	Not Applicable
27. Floating Rate Note Provisions:	Not Applicable
28. Zero Coupon Note Provisions:	Not Applicable
29. Index Note Provisions:	Not Applicable
Other	
30. Unmatured Coupons to become void upon early redemption:	Not Applicable
31. 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
32. Dual Currency Note Provisions:	Not Applicable
33. Business Day Jurisdictions for Condition 9(g) (jurisdictions required to be open for	Singapore, Hong Kong, New York and London

payment):

34. Details of any other additions or variations to the Conditions: See Annex 1 (Special Conditions) of this Pricing Supplement

35. Charged Assets:

- (a) Original Underlying Assets: USD4,017,000  
USD floating rate notes due 2011 issued by Morgan Stanley B.V. under its Program for the Issuance of Notes and unconditionally and irrevocably guaranteed by Morgan Stanley (ISIN: XS0369923361)
- (b) The criteria applicable to Eligible Investments: Not Applicable
- (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:
- (d) First, rateably in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by CDP in carrying out its duties as the Clearing System for the Notes, or 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);
- (e) 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;
- (f) Thirdly, rateably in meeting the claims (if any) of the Swap Counterparty under the Swap 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 and relating to sums receivable on the Underlying Assets);
- (g) Fourthly, rateably in meeting the claims

(if any) of the holders of the Notes and the Coupons (as defined in the Equity 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 the Notes and/or the Coupons); and

- (h) 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 and the Swap 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 and the Swap 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 and the Swap 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 Equity Swap Transaction, the Asset Swap Transaction and the Forward 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 comprise an equity swap transaction (the "**Equity 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**".

The Swap 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, including:

- (i) the failure of the other party to pay any amount due and payable under the Swap Agreement, and such failure continues for one Business Day (as defined in the Swap Agreement);
  - (ii) non-compliance by the Swap Guarantor with any of its obligations under the Swap Guarantee, or the ceasing of the Swap Guarantee to be in full force and effect; and
  - (iii) the merger of the Swap Counterparty 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, as the case may be; and
- (b) on the occurrence of certain "Termination Events" under the Swap Agreement, including:
- (i) it becoming illegal for either party to perform its obligations under the Swap Agreement, or for the Swap Guarantor to perform its obligations under the Swap Guarantee;
  - (ii) if (subject as provided in the Swap Agreement) withholding taxes are imposed on payments made by the Issuer, the Swap Counterparty under the Swap Agreement, which is not avoided by a transfer by the Affected Party (as defined in the Swap Agreement) of its rights and obligations on terms provided in the Swap Agreement; and
  - (iii) when the Notes become repayable in whole prior to the Scheduled Maturity Date.

Consequences of Early Termination:

Upon any such early termination of the Swap Agreement (in whole or in part), and such agreement is not replaced on or prior to such termination, the Notes will become repayable and the Issuer or the Swap 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 (regardless, if applicable, of which of such parties may have caused such termination).

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, and the termination payment would typically (but not necessarily) take into account the market value of the terminated Swap Agreement, 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.

**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 or the Issuer, as the case may be, due to the termination of the Swap Agreement, 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.**

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|---|--|
| (ii) Exercise of Morgan Stanley Exchange Option:  | Following an exercise of the Morgan Stanley Exchange Option by Morgan Stanley & Co. International plc in respect of any Notes, a pro rata amount of the Swap Agreement corresponding 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 the Issuer):  | Morgan Stanley & Co. International plc (as the "Swap Counterparty") in respect of the Swap Agreement.  |
| (g) Specify any other Charged Assets:   | Not Applicable   |
| 36. Exchange: Global Note/Global Certificate exchangeable for Definitive Bearer/Registered Notes: | Yes, but only in the limited circumstances set out in the Global Note.   |

37. Details of any additions or variations to the Programme Agreement:	None
38. Listing:	None
39. Clearing System(s):	The Central Depository (Pte) Limited (with a link to Euroclear and Clearstream)
40. Depository:	The Central Depository (Pte) Limited
41. Common Code:	037100617
42. ISIN Code:	SG7R26940543
43. 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
44. Registrar:	Not Applicable
45. Principal Paying Agent and Calculation Agent:	The Hongkong and Shanghai Banking Corporation Limited  21 Collyer Quay #14-01 HSBC Building Singapore 049320 Fax: +65 6532 4977/+65 6225 3770 Attention: Head of Corporate Trust and Loan Agency
46. Determination Agent/Settlement Agent/Market Agent:	Morgan Stanley & Co. International plc  25 Cabot Square Canary Wharf London E14 4QA United Kingdom Fax: +44 (0) 207 056 6435 Attention: London Transaction Management With copies to: Morgan Stanley & Co. International plc c/o Morgan Stanley Asia Limited 30/F, Three Exchange Square, Central Hong Kong Fax: +852 3407 9849 Attention: Asia Transaction Management

**Responsibility**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed by a director of the Issuer:

By:   
**Mark Hill**

Date: 16 June 2008

## Annex 1

### SPECIAL CONDITIONS

*The Master Conditions for Equity-Linked Note Type set out in the Applicable Annex of the Supplementary Base Prospectus (the “Conditions”) shall be supplemented and modified by the following Special Conditions. In the event of any inconsistency between the Conditions and such Special Conditions, such Special Conditions shall prevail and the Conditions shall be amended accordingly.*

#### (A) Interest and other calculations

- (i) Condition 6(k) shall be amended by (x) replacing the words “the Calculation Agent” with “the Determination Agent” in the second, third and seventeenth lines, (y) adding the words “and the Calculation Agent no later than one Business Day after the relevant Valuation Date.” in the sixth line after the words “the Principal Paying Agent” and (z) deleting the remainder of the sentence starting from “, or, in the case” to “such determination”.

- (i) The following shall be inserted as Condition 6(o) (Interest and other calculations)

#### **“(o) Interest Payments**

Unless (i) a Mandatory Redemption Event occurs or (ii) an Event of Default occurs in respect of the relevant Tranche of Notes, a variable interest amount calculated as follows is payable in respect of each Note on each Interest Payment Date (each an “**Interest Amount**”):

$\text{Max}[0, \text{Cushion Coupon} - (\text{Highest Performance} - \text{Lowest Performance})] \times \text{Par}.$

- (ii) Condition 8(f) is amended by the inclusion of the following additional definitions and, where a definition below is an existing definition in the Conditions, replacement of such definition in the Conditions with the definition set out below:

“**Cushion Coupon**” means, in the case of the Tranche A Notes, 20%; and in the case of the Tranche B Notes, 18%;

“**Closing Price**” means (1) the official closing price of the Index on the relevant date, or (2) in the case of a Closing Price to be determined on the eighth Scheduled Trading Day immediately following a Scheduled Valuation Date, the value of the Index as determined by the Determination Agent, acting for and on behalf of the Issuer in accordance with the terms and conditions of the Notes;

“**Fixing Date**” means 2 June 2008. This date may be adjusted for an extension of the Offer Period;

“**Highest Performance**” means, in respect of an Interest Payment Date, the highest Performance in respect of the Valuation Dates which fall during the relevant Interest Period;

“**Initial Spot Price**” means the Closing Price on the Fixing Date;

“**Lowest Performance**” means, in respect of an Interest Payment Date, the lowest Performance in respect of the Valuation Dates which fall during the relevant Interest Period;

“**Par**” means USD5,000 for each Tranche A Note, and SGD5,000 for each Tranche B Note; and

**“Performance”** means, in respect of Valuation Date, the percentage calculated in accordance with the following formula:

$$\left(\frac{R}{S}\right) - 1 \times 100\%$$

where:

R = the Relevant Price in respect of such Valuation Date

S = Initial Spot Price.

**(B) Events of Default**

Condition 11(a) (excluding sub-paragraphs (i) to (vii)) shall be deleted and replaced with:

“(a) Subject to Condition 11(b), the Trustee at its discretion may, and, if so requested by the Instructing Creditor of a Series of Notes, shall (in each case, provided that the Trustee is secured, indemnified, or both to its satisfaction), give notice (an **“Enforcement Notice”**) to the Issuer that the Notes of such Series are, and they shall accordingly immediately become, due and repayable, at their Early Redemption Amount together with accrued interest to the date of payment (or, in the case of Zero Coupon Notes (unless the Conditions of such Notes provide otherwise) at their Amortised Face Amount) or as otherwise specified in the Applicable Pricing Supplement and the Security constituted by the Security Documents in respect of the relevant Series of Notes shall become enforceable (as provided in the relevant Trust Deed) upon the occurrence of any of the following events (each an **“Event of Default”**):”

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**ISSUER**

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Islands

**ARRANGER AND SPONSOR**

**Morgan Stanley Asia (Singapore) Pte.**

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Singapore 049481

**TRUSTEE**

**HSBC Institutional Trust**

Services (Singapore) Limited  
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# 14-01  
HSBC Building  
Singapore 049320

**CUSTODIAN**

**The Hongkong and Shanghai**

Banking Corporation Limited  
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Hong Kong

**PRINCIPAL PAYING AGENT AND  
CALCULATION AGENT**

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