

PINNACLE NOTES

SERIES 1, 2, 3, 5, 6 AND 7

FREQUENTLY ASKED QUESTIONS

8 DECEMBER 2008

These Frequently Asked Questions have been prepared by Pinnacle Performance Limited for the distributors of the Pinnacle Notes in Singapore in relation to the notices sent to distributors of these Series of Pinnacle Notes on 8 December 2008 about the calculation of loss amounts relating to certain credit events which have occurred in respect of the Underlying Assets for the Series of Notes specified below. 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 Series of Notes are referred to in these Frequently Asked Questions?

This document relates to the following notes (referred to herein as the "Notes") issued by Pinnacle Performance Limited (the "Issuer"):

| <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) SGD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (Tranche B) | 26 September 2006 |
| Pinnacle Performance Limited Series 2 | USD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (Tranche A) SGD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (Tranche B) | 21 November 2006 |
| Pinnacle Performance Limited Series 3 | USD Fixed Rate First-to-Default Credit-Linked Notes due 2011 (and extendable to 2014 if the Issuer exercises its Issuer Extension Option) (Tranche A) SGD Fixed Rate First-to-Default Credit-Linked Notes due 2011 (and extendable to 2014 if the Issuer exercises its Issuer Extension Option) (Tranche B) | 16 February 2007 |
| Pinnacle Performance | USD Fixed Rate First-to-Default Credit-Linked Notes due 2011 (and extendable to 2014 if the Issuer | 12 April 2007 |

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|---------------------------------------|---|-------------|
| Limited Series 5 | exercises its Issuer Extension Option) (Tranche A) SGD Fixed Rate First-to-Default Credit-Linked Notes due 2011 (and extendable to 2014 if the Issuer exercises its Issuer Extension Option) (Tranche B) | |
| Pinnacle Performance Limited Series 6 | USD Fixed Rate First-to-Default Credit-Linked Notes due 2013 (Tranche A) SGD Fixed Rate First-to-Default Credit-Linked Notes due 2013 (Tranche B) | 6 July 2007 |
| Pinnacle Performance Limited Series 7 | USD Fixed Rate First-to-Default Credit-Linked Notes with Equity Bonus Coupon due 2013 (Tranche A) SGD Fixed Rate First-to-Default Credit-Linked Notes with Equity Bonus Coupon due 2013 (Tranche B) | 6 July 2007 |

2. What information does the notice to distributors dated 8 December 2008 (the "Notice") for each Series of Notes contain?

Following the recent unprecedented events in the financial markets, credit events have occurred in respect of a number of the reference entities in the underlying reference portfolio of the Underlying Assets for each Series of Notes.

The Notice for each Series of Notes sets out which reference entities in the underlying reference portfolio were affected by credit events and some of the consequences of those credit events. If you are an investor in one of these Series of Notes, you should read the Notice for the relevant Series of Notes carefully.

3. Will the Notes be subject to mandatory early redemption following the occurrence of those credit events?

No. As at the date of this document, the occurrence of these credit events has not caused any Series of the Notes to be subject to mandatory early redemption. However, the Issuer can give no assurance as to whether a mandatory redemption event will or will not occur in the future in relation to any Series of the Notes.

4. Have the credit events which have occurred in relation to the Underlying Assets resulted in a writedown of the principal amount of the Underlying Assets which are held by the Issuer for that Series?

No. As at the date of this document, the occurrence of these credit events has not resulted in a writedown of the principal amount of the Underlying Assets which are held by the Issuer for that Series in accordance with their terms (a "Principal Writedown"). However,

the Issuer can give no assurance as to whether a Principal Writedown will or will not occur in the future in relation to the Underlying Assets which are held by the Issuer for any Series of the Notes.

5. What is the consequence for the Notes of a Series if there is a Principal Writedown of the Underlying Assets held by the Issuer for that Series?

As set out in the offering documents for the Notes, if a Principal Writedown occurs in relation to the Underlying Assets for a Series of Notes, a mandatory redemption event will occur with respect to that Series of Notes and that Series of Notes will become subject to mandatory early redemption as set out in the offering documents for the Notes. The Underlying Assets for that Series of Notes would be sold and the sale proceeds would be applied to meet the Issuer's obligations to investors in the Notes and to other secured creditors in respect of the Notes, as further set out in the offering documents for the Notes. As set out in the offering documents for the Notes, in these circumstances it is likely that the sale proceeds of the Underlying Assets would be substantially less than the principal amount of the Underlying Assets, and therefore the redemption amounts payable to investors by the Issuer would be likely to be substantially less than the principal amount of that Series of Notes.

6. How can I find out the market value of the Notes that I hold?

Investors in a Series of Notes who would like to know the indicative price at which they can sell their Notes should contact the financial institution from which they purchased their Notes. Morgan Stanley & Co. International plc ("Morgan Stanley") in its capacity as market agent for each Series of Notes, through its agent, Morgan Stanley Asia (Singapore) Pte., may quote prices to the financial institutions which sold these Series of Notes to investors, being the prices at which Morgan Stanley will be prepared to purchase Notes of a particular Series from these financial institutions. However, it is under no obligation to do so. The prices quoted by Morgan Stanley to these financial institutions are indicative only and are not final or binding on Morgan Stanley. However, Morgan Stanley is not able to quote prices directly to, or purchase Notes directly from, investors who bought Notes from these financial institutions. Further details about the market making arrangements for each Series of Notes are set out in the section of the Base Prospectus entitled "Market Making Arrangements".

In order to provide investors in a Series of Notes with a general indication of the market value of a Series of Notes, an indicative price which Morgan Stanley has recently quoted to the financial institutions which sold this Series of Notes to investors is set out on the website referred to in the important notice set out at the end of this document. This price is entirely historical and is posted on the website for information purposes only. This is not an actionable price and by posting this price on the website Morgan Stanley is not offering to purchase any Notes from investors. It should be noted that historical market data and historical market trends are not necessarily illustrative or reliable indicators of current or future market behavior. Investors in a Series of Notes who wish to sell their Notes should contact the financial institution from which they purchased their Notes in

order to obtain an indicative price at which the relevant financial institution will purchase their Notes.

7. Why are the market values of the Notes low?

The market values of the Notes are attributable to a number of factors.

One of the main factors is that the present unprecedented market conditions in combination with the occurrence of the credit events in relation to the Underlying Assets referred to in the Notice for each Series of Notes has resulted in an increased risk of those Series becoming subject to a mandatory redemption event in the future if further credit events occur which result in a writedown of the principal amount of the Underlying Assets held by the Issuer for that Series.

Whether the principal amount of the Synthetic CDO Securities which comprise the Underlying Assets for a Series of Notes is reduced or otherwise written down will depend on whether one or more future credit events in respect of the underlying reference entities of such Synthetic CDO Securities occur (and whether any other applicable conditions are satisfied), as well as whether any loss calculations in connection with such credit event(s) exceed the relevant threshold amount.

Further information on the effect of credit events in respect of underlying reference entities on the principal amount and/or market value of Underlying Assets where those Underlying Assets comprise Synthetic CDO Securities is set out under the paragraph headed "Exposure to the Underlying Assets where Underlying Assets consist of Synthetic CDO Securities, CDO Squared Securities, Credit Commodity Linked Securities and Asset-Backed Securities" in the section headed "Risk Factors" of the Base Prospectus. The Base Prospectus is available from the website referred to in the important notice at the end of this document.

8. 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 |
| DBS Vickers Securities (Singapore) Pte Ltd | 6398 6090 |
| DMG & Partners Securities Pte Ltd | 6538 3773 |
| Hong Leong Finance Limited | 1800 800 8000 |
| Kim Eng Securities Pte. Ltd. | 6226 0300 |
| Malayan Banking Berhad, Singapore Branch | 1800 629 2265 |
| OCBC Securities Private Limited | 6538 4775 |
| Phillip Securities Pte Ltd | 6531 1555 |
| RHB Bank Berhad | 1800 323 0100 |
| UOB Kay Hian Pte Ltd | 6536 9338 |

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 together with all Supplementary Base Prospectuses applicable to the relevant Series of Notes and the Pricing Statement in respect of the relevant Series of Notes (together referred to in these Frequently Asked Questions as the offering documents in respect of a relevant Series) for further information. Investors should also refer to the Pricing Supplements in respect of the relevant Series of Notes. These documents and certain other documents in relation to the Notes can be accessed on the following website: www.morganstanley.com/pinnaclenotes.

Although Pinnacle Performance Limited is under no obligation to provide information in respect of the Notes or the Underlying Assets 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.