

PRICING STATEMENT DATED 16 May 2007

Registered by the Monetary Authority of Singapore on 16 May 2007

Pinnacle Performance Limited

(Incorporated with limited liability in the Cayman Islands)

Pinnacle Notes Series 6

Series 6 USD Fixed Rate First-to-Default Credit-Linked Notes due 2013 (“Series 6 Tranche A Notes”)

Series 6 SGD Fixed Rate First-to-Default Credit-Linked Notes due 2013 (“Series 6 Tranche B Notes”, and together with the Series 6 Tranche A Notes, the “Series 6 Notes”)

Pinnacle Notes Series 7

Series 7 USD Fixed Rate First-to-Default Credit Linked Notes with Equity Bonus Coupon due 2013 (“Series 7 Tranche A Notes”)

Series 7 SGD Fixed Rate First-to-Default Credit Linked Notes with Equity Bonus Coupon due 2013 (“Series 7 Tranche B Notes” and together with the Series 7 Tranche A Notes, the “Series 7 Notes”, and each of the Series 6 Notes and the Series 7 Notes, a “Series”)

(Each of the Series 6 Tranche A Notes, the Series 6 Tranche B Notes, the Series 7 Tranche A Notes and the Series 7 Tranche B Notes is referred to as a “Tranche” and the Series 6 Notes and/or the Series 7 Notes and/or a Tranche of such Series (as the case may be) are referred to as the “Notes”)

Issued under the Pinnacle Performance Limited (the “Issuer”) U.S.\$5,000,000,000 Structured Note Programme (the “Programme”)

This Pricing Statement has been prepared for the purpose of providing the disclosure information with regard to the Issuer and for the purpose of giving information with regard to the issue of the Notes under the Programme. This Pricing Statement has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Pricing Statement. Registration of this Pricing Statement by the Authority does not imply that the Securities and Futures Act (Cap. 289) of Singapore (the “SFA”), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Notes being offered for investment.

This Pricing Statement must be read together with Part 1 of the Base Prospectus issued by the Issuer and registered by the Authority on 7 August 2006, together with the Annex set out in Part 2 of the Base Prospectus which applies to the First-To-Default Note Type (the “Applicable Annex”). References to “Base Prospectus” in this Pricing Statement shall include the base prospectus registered with the Authority on the 7 August 2006, and any supplementary base prospectus or supplementary base prospectuses thereto, if any, in respect of the Programme. Together, the Base Prospectus (including the Applicable Annex) and this Pricing Statement shall comprise the prospectus (the “Prospectus”) for the Notes, prepared for the purposes of Section 240 of the SFA.

This offer is made on the basis of information contained in this Pricing Statement as well as in the Base Prospectus. Copies of the Base Prospectus and this Pricing Statement are available for collection at the times and places specified in this Pricing Statement.

No application has been made for the Programme or the Notes to be listed on any exchange.

Prospective investors should note that Notes which are sold or redeemed before their maturity date will be subject to unwinding or other transaction costs, and the amount received by investors may be lower than the initial amount of their investment.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws and, unless so registered, may not be offered or sold within the United States or to, or for the benefit of U.S. persons as defined in Regulation S under the Securities Act except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. The Notes may include Notes in bearer form that are subject to U.S. Tax Law requirements. No application has been or will be made for the Base Prospectus or this Pricing Statement to be approved as a prospectus under Directive 2003/71/EC (the “Prospectus Directive”).

The Notes represent the obligations of the Issuer only, and do not represent the obligations of, or interests in, the Arranger, the Distributors, the Trustee or any other person. The Notes will not be guaranteed by any person. The Notes will not have the benefit of any rating from any credit rating agency. The Notes will not be underwritten. This offering of Notes may not proceed if a minimum principal amount of the Notes, to be determined by the Arranger in its sole discretion, is not fully subscribed or purchased. In such event, all application or subscription moneys will be returned in full (without interest or any share of revenue or other benefit arising therefrom).

Prospective investors should ensure they understand the nature of the Notes and the risks involved, and should read carefully the contents of this Pricing Statement and the Base Prospectus (including the Applicable Annex), and in particular (but not limited to) the sections headed “Risk Factors” in Part 1 of the Base Prospectus and the Applicable Annex and the section headed “Application Procedures” in this Pricing Statement and consult professional advisers as to the suitability of the Notes as an investment for their individual circumstances, before they invest in the Notes.

Prospective investors should contact one of the Distributors whose contact telephone numbers are listed in the section headed “The Distributors” below if they wish to invest in the Notes.

Arranger

MORGAN STANLEY DEAN WITTER ASIA (SINGAPORE) PTE

Distributors

**CIMB-GK Securities Pte Ltd
Hong Leong Finance Limited
OCBC Securities Private Limited
RHB Bank Berhad**

**DMG & Partners Securities Pte Ltd
Kim Eng Securities Pte. Ltd.
Phillip Securities Pte Ltd
UOB Kay Hian Pte Ltd**

Important Notices

Each of the Issuer, the directors of the Issuer and the Arranger accept full responsibility for the accuracy of the information contained in this Pricing Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Pricing Statement are fair and accurate in all material respects as of the date of this Pricing Statement and that there are no material facts the omission of which would make any statement herein misleading as of the date of this Pricing Statement.

Each of the Trustee, the Principal Paying Agent, the Custodian, the Administrator, the Swap Counterparty, the Swap Guarantor, the Forward Counterparty, the Equity Option Counterparty, the Determination Agent and the Dealer has not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by such parties as to the accuracy or completeness of the information contained herein, or any further information supplied in relation to or in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer, its directors and the Arranger in respect of the Notes.

The Arranger has given, and has not before the lodgement of this Pricing Statement withdrawn, its consent to the issue of this Pricing Statement with the inclusion herein of its name and all references thereto, in the form and context in which it appears in this Pricing Statement.

The Notes are offered to the retail public in the Republic of Singapore solely on the basis of the information contained and the representations made in the Prospectus, including any supplement thereto. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with the Prospectus or any other financial statements or further information supplied pursuant to the terms of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, its directors, the Arranger, any Distributor, the Dealer, any Agent, the Trustee, the Swap Counterparty, the Swap Guarantor, the Forward Counterparty, the Equity Option Counterparty or their respective affiliates (together, other than the Issuer, the “**Transaction Participants**”) nor shall any Transaction Participant be responsible for any losses arising from such information or representation.

Neither the Prospectus nor any further information supplied pursuant to the terms of the Programme or the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as investment advice or a recommendation by or on behalf of the Issuer, its directors, the Arranger or the Trustee that any recipient of the Prospectus should subscribe for or purchase any of the Notes. Each prospective investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The delivery of the Prospectus does not at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied pursuant to the terms of the Programme or any of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the tenure of the Notes. The Issuer may from time to time after the date hereof register one or more supplemental base prospectuses to the Base Prospectus with the Authority, as required by the SFA. All such supplemental base prospectuses must also be read in conjunction with this Pricing Statement and all references herein to the “Prospectus” will be deemed to include all such supplemental base prospectuses.

The Issuer, its directors, the Arranger and the Trustee do not represent that the Prospectus may be lawfully distributed, or that any of the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction other than the Republic of Singapore, or pursuant to an exemption available under any such requirements in any jurisdiction other than the Republic of Singapore, or assume any responsibility for facilitating any such distribution or offering. Accordingly, persons who are in possession of the Prospectus or any of the Notes must inform themselves about, and observe, any such restrictions. In particular, no action has been taken by the Issuer, its directors, the Arranger or the Trustee (save for the registration of the Base Prospectus and this Pricing Statement by the Authority) which would permit a public offering of any of the Notes or distribution of the Prospectus in any jurisdiction where action for that purpose is required. Accordingly, none of the Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Pricing Statement, advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Notwithstanding anything herein to the contrary, each prospective investor in the Notes (and its respective employees, representatives and other agents) may disclose to any and all persons, without limitations of any kind, the U.S. federal tax treatment and U.S. tax structure of the transactions contemplated by the Base Prospectus and any Pricing Statement and all materials of any kind (including tax opinions or other tax analyses) relating to such U.S. tax treatment and U.S. tax structure.

**WHERE TO OBTAIN COPIES OF THE BASE PROSPECTUS, THE APPLICABLE ANNEX
AND THIS PRICING STATEMENT**

Hard copies of the Base Prospectus (including any supplemental base prospectus in respect thereof and the Applicable Annex) and this Pricing Statement may be collected free of charge during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) as follows:

- ***During the Offer Period of the Notes:*** from each of the Distributors as described under the section headed “**The Distributors**” in this Pricing Statement and from the offices of the Arranger at:

Morgan Stanley Dean Witter Asia (Singapore) Pte¹

23 Church Street
#16-01
Capital Square
Singapore 049481

- ***After the Offer Period of the Notes and for so long as the Notes remain outstanding:*** from the offices of the Arranger as stated above.

Part 1 of the Base Prospectus and the Applicable Annex contain important information about:

- the Issuer of the Notes;
- the Swap Agreement in respect of each Series of Notes and Swap Guarantee;
- the Forward Agreement in respect of each Series of Notes and the Forward Guarantee;
- the Underlying Assets in respect of each Series of Notes and the security arrangements in respect of the Notes;
- investment risk factors;
- taxation implications relating to the purchase, holding and sale of the Notes;
- custody, clearing and settlement arrangements;
- market making arrangements; and
- the contractually binding master terms and conditions of the Notes (the “**Master Conditions**”).

Potential investors should read this Pricing Statement in conjunction with Part 1 of the Base Prospectus and the Applicable Annex in order to understand the offer to which the documents relate, in particular before making an application in response to the offer.

If you wish to subscribe for any Notes, you must do so in accordance with the procedures described under the section headed “Application Procedures” below and the section headed “Summary of the Programme — Application Procedures” in Part 1 of the Base Prospectus.

¹ It is expected that during the month of May 2007 or June 2007, Morgan Stanley Dean Witter Asia (Singapore) Pte will change its name to “Morgan Stanley Asia (Singapore) Pte”. No change to the rights, obligations, status, powers or internal rules of Morgan Stanley Dean Witter Asia (Singapore) Pte will be incurred as a result of such change of name.

Healthy prospects with potential for even better returns

Pinnacle Notes

Secured Credit-linked Notes¹

Series 6²

| | Tranche A (USD) | Tranche B (SGD) |
|-------------|---------------------------------------|---|
| Years 1-5.5 | Interest Rate: 7% per annum | Interest Rate: 5.2% per annum |

Series 7² - with a potential Equity Bonus Coupon!



| | Tranche A (USD) | Tranche B (SGD) |
|-------------|---|---|
| Years 1-5.5 | Interest Rate: 6.7% per annum + Equity Bonus Coupon [‡] : 4% per annum | Interest Rate: 5% per annum + Equity Bonus Coupon [‡] : 4% per annum |

[‡] The Equity Bonus Coupon in respect of the Series 7 Notes is only payable if certain conditions are satisfied, in particular, in respect of each Basket Company, the average of the closing prices of the ordinary shares of such Basket Company on the 3 Observation Dates prior to an Equity Bonus Payment Date must be equal to or greater than 110% of its Initial Spot Price (the "Target Price"). No Equity Bonus Coupon is payable if such condition is not fulfilled or in certain other circumstances. Prospective investors should refer to the Prospectus for full details.

Exposure to:

Bank of America Corporation
Citigroup Inc.
DBS³
Singapore Telecommunications Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Ltd

The Notes are credit linked to the Reference Entities. In addition, the Series 7 Notes offer investors a potential bonus coupon dependent on, among other conditions, the share price performance of the Basket Companies. The Basket Companies and the Reference Entities may be different legal entities.

Offer Period: From 18 May 2007 to 22 June 2007 (subject to extension or early closure)

Denominations: USD5,000 and SGD5,000.

Important Information:

A printed copy of the Base Prospectus dated 7 August 2006, and any supplementary Base Prospectus or Prospectus thereto, if any (the "**Base Prospectus**") (including the Annex for First-to-Default Notes (the "**Applicable Annex**")), the Pricing Statement dated 16 May 2007 relating to the Notes (the "**Pricing Statement**") and the application forms in respect of the offering of the Notes by Pinnacle Performance Limited, may be obtained upon request, subject to availability, from the branches of each of the Distributors and at the office of the Arranger, Morgan Stanley Dean Witter Asia (Singapore) Pte. during normal office hours. Anyone wishing to acquire the Notes will need to make an application in the manner set out in the Pricing Statement.

This document is an extract from the Pricing Statement and is incomplete on its own. It is qualified in its entirety by, and should be read in conjunction with, the full text of the Base Prospectus, the Applicable Annex, the Pricing Statement and any supplements thereto (collectively referred to as the "**Prospectus**"). Terms used but not defined in this document shall bear the same meanings assigned to them in the Prospectus unless the context requires otherwise. A potential investor should read the Prospectus before deciding whether to purchase the Notes. Investors should ensure that they understand the nature of the Notes and risks involved and should carefully study the matters set out in the Prospectus for details of the various factors that may affect the results and performance of the Notes (in particular, the sections headed "**Risk Factors**" on pages 8 to 17 of the Base Prospectus, "**Risk Factors**" on pages A-7 to A-10 of the Base Prospectus and "**Additional Risk Factors in respect of Series 7 Notes**" in the Pricing Statement), and make their own assessment or seek independent professional advice before deciding whether to subscribe for or purchase the Notes.

This document is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any Notes. As such, no one may accept or purport to accept any offer on the basis of this document.

- Each Series of Notes will be secured by, amongst other assets, the Underlying Assets, which are US Dollar denominated Synthetic CDO Securities that are rated AA or higher as at the date of investment therein.
- The Notes are not principal guaranteed. Payment of interest and repayment of 100% of the principal amount at maturity may not occur in all circumstances, in particular upon the occurrence of a Credit Event, a Mandatory Redemption Event, an Event of Default or if the Issuer exercises its Issuer Call Option in respect of a Series of Notes. In such circumstances (save for where the Issuer exercises its Issuer Call Option), you could lose all or substantially all of your investment in the Notes. Please refer to the Prospectus for further details.
- The Notes provide exposure to DBS Bank Ltd. as one of the Reference Entities, and (with respect to the Series 7 Notes only) to DBS Group Holdings Ltd. as one of the Basket Companies.

Distributors include CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Hong Leong Finance Limited, Kim Eng Securities Pte. Ltd., OCBC Securities Private Limited, Phillip Securities Pte Ltd, RHB Bank Berhad and UOB Kay Hian Pte Ltd. Additional distributors may be appointed by the Arranger from time to time during the Offer Period.

Pinnacle Notes Series 6&7 ("Notes") Summary of Terms

| General Terms: | |
|--|---|
| Issuer: | Pinnacle Performance Limited |
| Issue Date: | Expected to be 6 July 2007 |
| Offer Period: | 18 May 2007 to 22 June 2007 (subject to extension or early closure) |
| Note Type: | First-to-Default Note Type |
| Principal Amount (Denomination): | Series 6: Tranche A: USD5,000 Tranche B: SGD5,000 Series 7: Tranche A: USD5,000 Tranche B: SGD5,000 |
| Issue Price: | 100% of principal amount |
| Scheduled Maturity Date: | In respect of the Series 6 Notes and Series 7 Notes, 6 January 2013 |
| Interest and Equity Bonus Coupon (Equity Bonus Coupon only in respect of the Series 7 Notes): | <p>Series 6</p> <p>Tranche A (USD) Interest Rate: 7% per annum Tranche B (SGD) Interest Rate: 5.2% per annum</p> <p>Series 7 - with a potential Equity Bonus Coupon! NEW</p> <p>Tranche A (USD) Interest Rate: 6.7% per annum + Equity Bonus Coupon^Δ: 4% per annum Tranche B (SGD) Interest Rate: 5% per annum + Equity Bonus Coupon^Δ: 4% per annum</p> <p>Interest shall be payable semi-annually on 6 January and 6 July in each year (each an "Interest Payment Date")[▲]. The first Interest Payment Date shall be 6 January 2008.</p> <p>Equity Bonus Coupons shall (subject to certain conditions set out herein) be payable annually on 6 July in each year commencing on 6 July 2008 up to and including 6 July 2012 and the Scheduled Maturity Date (each an "Equity Bonus Payment Date")[▲].</p> |
| Redemption of Principal Amount on the Scheduled Maturity Date: | Redemption at 100% of the principal amount on the Scheduled Maturity Date (unless notice of the occurrence of a Credit Event is given, a Mandatory Redemption Event or an Event of Default occurs or the Issuer exercises its Issuer Call Option). |
| The Notes are not principal guaranteed: | Repayment of 100% of the principal amount at maturity is dependent upon, amongst other things, the absence of any Reference Entity suffering a Credit Event or a Mandatory Redemption Event or an Event of Default occurring. In any such circumstances, you could lose all or substantially all of your investment in the Notes. |
| Mandatory Redemption Events: | Events which relate to a deterioration in the creditworthiness of the Underlying Assets, such as a payment default, a write-down of the outstanding principal amount or an early redemption below par, or events which affect the structure, such as a termination of the swap arrangements relating to the Notes or the imposition of withholding tax on any payments receivable by the Issuer. Detailed definitions are set out in the Prospectus. |
| Collateral/Security: | The Notes of each Series will be secured by, amongst other assets, (i) Underlying Assets in respect of each Series which may include AA-rated or higher rated [#] US Dollar denominated portfolio credit-linked securities (i.e. Synthetic CDO Securities), and (ii) the Swap Arrangements. |
| Events of Default: | Failure by the Issuer to comply with its obligations relating to the Notes, events relating to the bankruptcy or reorganisation of the Issuer (whether initiated by itself or otherwise) or an event of default (howsoever described) occurring with respect to the Underlying Assets. |
| Swap Arrangements: | To enable the Issuer to meet its payment obligations under the Notes of each Series, the Issuer will enter into an asset swap transaction in respect of each Tranche and a credit default swap transaction in respect of each Tranche with Morgan Stanley Capital Services Inc. as Swap Counterparty, and in respect of the Series 7 Notes only, an equity option agreement in respect of each Tranche with Morgan Stanley & Co. International plc as Equity Option Counterparty. The obligations of the Swap Counterparty and the Equity Option Counterparty will be guaranteed by Morgan Stanley as Swap Guarantor. However, the Notes will not be obligations of and will not be guaranteed by either the Swap Counterparty, the Equity Option Counterparty or the Swap Guarantor. |
| Issuer Call Option: | The Issuer may redeem both Tranches or either Tranche of each Series of the Notes (in whole but not in part) at any time after 6 January 2008, by giving not less than 5 Business Days notice, at 100% of the principal amount plus accrued interest up to the relevant date fixed for redemption. Investors in the Series 7 Notes should be aware that if the Issuer Call Option is exercised, no amounts shall be payable in connection with the termination of the equity option agreement or a loss of the right to receive future Equity Bonus Coupons. |

| Credit Terms: | |
|--|---|
| Reference Entities[*]: | Bank of America Corporation (Aa1/AA/AA) [^] , Citigroup Inc. (Aa2/AA-/AA) [^] , DBS Bank Ltd. (Aa2/A/A+) [^] , Singapore Telecommunications Limited (Aa2/A+/A) [^] , Oversea-Chinese Banking Corporation Limited (Aa2/None/A+) [^] , United Overseas Bank Ltd (Aa2/A-/None) [^] |
| Credit Events: | A Bankruptcy, Failure to Pay or Restructuring occurring with respect to any Reference Entity. Detailed definitions are set out in the Prospectus. |

Equity Terms (Series 7 Notes only):
 The Series 7 Notes offer investors a potential bonus coupon in the event of positive performance of the share price of the Basket Companies. The key features of such bonus coupon are as follows:

| | |
|--|---|
| Conditions to payment of Equity Bonus Coupon: | Holders of the Series 7 Notes will be entitled to an additional coupon (the "Equity Bonus Coupon") of 4% per annum (Series 7 Tranche A Notes) and 4% per annum (Series 7 Tranche B Notes) on each Equity Bonus Payment Date provided that certain conditions are satisfied, in particular, in respect of each Basket Company, the average of the closing prices of the ordinary shares of such Basket Company on the 3 Observation Dates prior to an Equity Bonus Payment Date must be equal to or greater than 110% of its Initial Spot Price (the "Target Price"). Investors should note that there are other conditions which may affect payment of the Equity Bonus Coupon. [¶] Prospective investors should refer to the Prospectus for full details. |
| Basket Companies[§]: | Bank of America Corporation, Citigroup Inc., DBS Group Holdings Ltd., Singapore Telecommunications Limited, Oversea-Chinese Banking Corporation Limited, United Overseas Bank Ltd |
| Initial Spot Price: | In respect of the ordinary shares of each Basket Company, the closing price of such shares on the Target Price Fixing Date (expected to be 26 June 2007) |
| Observation Dates: | The 16th Business Day prior to each Equity Bonus Payment Date (the "First Observation Date") and the two Business Days following the First Observation Date [¶] |

Distributors include CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Hong Leong Finance Limited, Kim Eng Securities Pte. Ltd., OCBC Securities Private Limited, Phillip Securities Pte Ltd, RHB Bank Berhad and UOB Kay Hian Pte Ltd. Additional distributors may be appointed by the Arranger from time to time during the Offer Period.

Important Information:

A printed copy of the Base Prospectus dated 7 August 2006, and any supplementary Base Prospectus or Prospectus thereto, if any (the "Base Prospectus") (including the Annex for First-to-Default Notes (the "Applicable Annex")), the Pricing Statement dated 16 May 2007 relating to the Notes (the "Pricing Statement") and the application forms in respect of the offering of the Notes by Pinnacle Performance Limited, may be obtained upon request, subject to availability, from the branches of each of the Distributors and at the office of the Arranger, Morgan Stanley Dean Witter Asia (Singapore) Pte. during normal office hours. Anyone wishing to acquire the Notes will need to make an application in the manner set out in the Pricing Statement.

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This document is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any Notes. As such, no one may accept or purport to accept any offer on the basis of this document alone.

^Δ Payment of the Equity Bonus Coupon is subject to the conditions described herein - see "Conditions to payment of Equity Bonus Coupon".

[▲] If an Interest Payment Date or Equity Bonus Payment Date falls on a day which is not a Business Day, payment shall be postponed to the next following Business Day, with no additional amount payable due to such postponement.

[#] Refers to the credit rating on the date of investment by the Issuer. Credit ratings are subject to change from time to time.

^{*} Credit ratings disclosed refer to those assigned by Moody's, S&P and/or Fitch, respectively, to each of the Reference Obligations of the Reference Entities. See Prospectus for more information on credit ratings and what they mean. Such credit ratings have been extracted from information published by S&P, Moody's and Fitch as of 14 May 2007, and are subject to change from time to time.

[^] Please note that a Credit Event may be triggered on any Obligation of the Reference Entity in addition to the Reference Obligation, including an Obligation that may have a lower credit rating.

[¶] No Equity Bonus Coupon shall be payable if any of the following events occur: a Credit Event, Mandatory Redemption Event or Event of Default occurring on or prior to an Equity Bonus Payment Date or the Issuer exercising its Issuer Call Option in respect of the Series 7 Notes prior to such date. The payment and amount of any Equity Bonus Coupon may also be affected by the occurrence of a Potential Adjustment Event or Extraordinary Event in respect of the Series 7 Notes.

Potential Adjustment Events are events which have a diluting or concentrative effect on the theoretical value of the ordinary shares of the relevant Basket Company, such as a subdivision, consolidation or reclassification of such shares, extraordinary dividends or share calls or repurchases. Upon the occurrence of a Potential Adjustment Event, the Determination Agent shall determine the appropriate adjustment (if any) to be made to the terms of the Notes in respect of the Equity Bonus Coupon to account for the diluting or concentrative effect of the Potential Adjustment Event.

Extraordinary Events include in respect of each Basket Company, a Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting or Change in Law. Upon the occurrence of an Extraordinary Event, the Determination Agent may make certain adjustments to the terms of the Series 7 Notes in respect of the Equity Bonus Coupon, including substituting one or more Basket Companies with another or other entities or in its discretion determine that the Equity Bonus Coupon shall cease to be payable by serving a Cancellation Notice.

[§] The Basket Companies and the Reference Entities may be different legal entities. The identities of the Basket Companies are subject to change as described herein and in the Pricing Statement.

^o Observation Dates are subject to postponement upon the occurrence of Market Disruption Events on such days.

培植更丰硕回报

富峰债券

有抵押信贷相联债券¹

系列6²

| | 债券组别A(美元) | 债券组别B(新加坡元) |
|-----------|---------------|-----------------|
| 第1年至第5.5年 | 年息率 7% | 年息率 5.2% |

系列7² – 设有潜在额外红利！

| | 债券组别A(美元) | 债券组别B(新加坡元) |
|-----------|---|---|
| 第1年至第5.5年 | 年息率 6.7% + 潜在额外红利 [‡] : 年息率 4% | 年息率 5% + 潜在额外红利 [‡] : 年息率 4% |

[‡] 系列7债券支付潜在额外红利的某些符合条件为，尤其以每间篮子内公司的普通股于潜在额外红利派付日期前的三个观察日的平均收市价必须等于或高于其相应股份的最初现货价的110%("目标价")。潜在额外红利将不被派发如不符合以上条件或其他某些情况。详情请准投资者参阅章程。

与以下相联：

美国银行公司

花旗公司

星展³

新加坡电讯有限公司

华侨银行

大华银行有限公司

本债券与「相关主体」之信贷表现相联。另外，系列7债券给投资者提供的潜在额外红利视乎(但不限于)篮子内公司的股票价格表现。篮子内公司及「相关主体」可能为不同的法律主体。

认购期：2007年5月18日至2007年6月22日(可延长或提早截止)

债券面额：5,000美元及5,000新加坡元。

重要事项：

日期为2006年8月7日的基本章程及其他基本章程或章程之附件(如有)(「**基本章程**」)复印本(包括适用于本「首先失责债券」的附录「**适用附录**」)，日期为2007年5月16日有关本债券的定价声明(「**定价声明**」)以及有关Pinnacle Performance Limited发行的本债券之申请表格，可于正常办公时间内向各分销商的分行及安排人Morgan Stanley Dean Witter Asia (Singapore) Pte. 的办事处索取，惟供应须视乎情况而定。有意认购本债券的投资者，须根据定价声明所述的方式作出申请。

本文件乃节录自定价声明，内容本身并不完整。本文件须与基本章程、适用附录、定价声明及任何相关补充文件(总称为「**章程**」)一并细阅，并受限于前述文件。除非内文须额外诠释，否则，于本内文尚未提供定义的词汇将与章程内的词汇载有相同定义。准投资者于作出有关购买本债券的决定前，必须细阅章程。投资者必须清楚了解本债券的性质、所涉及风险，及仔细参阅详列于章程内有关多个影响本债券之回报及表现的因素(特别是基本章程内第8至17页的「**风险因素**」、基本章程内A-7至A-10页的「**风险因素**」及于定价声明内有关**债券系列7的「附加风险因素**」)，并于决定购买或认购本债券前，应先自行作出评估，或寻求独立的专业意见。

本文件仅作资料简介，并不构成购买或认购任何有关本债券的要约，或作出要约的诱使或邀请的一部分。换言之，任何人均不能单凭本文件而接纳或企图接纳本债券之任何要约。

- 1 每个债券系列将于投资日期间以(但不限于)美元面额之「合成抵押债务证券」的「指定资产」作为抵押，其信贷具有AA或更高级别。
- 2 本债券并不保本。支付利息及能否于到期日偿还100%本金额在以下情况下可能受影响，尤其当有关每个债券系列涉及发生「信贷事件」、「强制赎回事件」、「发行人失责事件」或发行人行使「发行人提早赎回权」。倘若该等事件发生(若发行人行使其发行人提早赎回权除外)，投资者将蒙受所有或部分有关本债券的投资损失。详情请参阅有关章程。
- 3 本债券与作为其中一间「相关主体」的星展银行有限公司相联，及就债券系列7而言，与其中一间篮子内公司的星展集团控股有限公司相联。

分销商包括CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Hong Leong Finance Limited, Kim Eng Securities Pte. Ltd, Phillip Securities Pte. Ltd, OCBC Securities Private Limited, Phillip Securities Pte Ltd, RHB Bank Berhad 及 UOB Kay Hian Pte Ltd。安排人可于认购期内不时委任其他分销商发售本债券。

与本债券相关的基本章程(包括适用于本「首先失责债券」的附录「适用附录」、定价声明,以及其它文件均用英文拟定。相关中文版本仅作参考,准投资者应以英文文件为准。如中文版本与原文文件有冲突之处,英文文件应作为判定依据。

富峰债券系列6及7(“本债券”)条款概要

一般条款:

| | |
|---------------------------------|---|
| 发行人: | Pinnacle Performance Limited |
| 发行日期: | 预计为2007年7月6日 |
| 认购期: | 2007年5月18日至2007年6月22日(可延长或提早截止) |
| 债券类别: | 「首先失责债券」类别 |
| 本金(债券面额): | 系列6:美元债券组别A:5,000美元 系列7:美元债券组别A:5,000美元 新加坡元债券组别B:5,000新加坡元 新加坡元债券组别B:5,000新加坡元 |
| 发行价: | 100%本金 |
| 预计到期日: | 有关系列6债券及系列7债券,2013年1月6日。 |
| 利息及潜在额外红利 (潜在额外红利只适用于系列7债券): | 系列6 债券组别A(美元) 年息率:7% 债券组别B(新加坡元) 年息率:5.2% 系列7—设有潜在额外红利!  债券组别A(美元) 年息率:6.7%+潜在额外红利 ^Δ :年息率4% 债券组别B(新加坡元) 年息率:5%+潜在额外红利 ^Δ :年息率4% 利息于每年的1月6日及7月6日(即每半年)派发一次(每期为「利息支付日期」) [▲] 。第一个利息支付日为2008年1月6日。 潜在额外红利(受限于载于此的某些情况),将于每年的7月6日由2008年7月6日直至及包括2012年7月6日及预计到期日(每期为「潜在额外红利派付日期」)每年派发一次。 |
| 预计到期日的本金赎回: | 在预计到期日以100%本金赎回(除非「信贷事件」发生的通知函被发出,或「强制赎回事件」发生或「发行人失责事件」,或发行人行使其「发行人提早赎回权」)。 |
| 本债券并不保本: | 本债券能否于到期日偿还100%之本金,须视乎(但不限于)「相关主体」是否发生「信贷事件」,或是否发生「强制赎回事件」或「发行人失责事件」。倘若该等事件发生,投资者将蒙受所有或部分有关本债券的投资损失。 |
| 强制赎回事件: | 任何有关「指定资产」之信贷能力下降的事件,包括拖欠付款、尚未清还的本金额的冲减或以低于债券面额提早赎回、或任何影响债券结构的事件,例如终止有关本债券的掉期安排或强加发行人应收款项的预扣税。定义详载于章程。 |
| 抵押品: | 债券将以(但不限于)下列资产作为抵押:(i)「指定资产」,其可能包括具有AA或更高级别的美元面额组合之信贷相联证券(即是「合成抵押债务证券」);及(ii)掉期安排。 |
| 发行人失责事件: | 即发行人未能就有关债券遵守其责任、发行人发生有关破产或重组的事件(无论由其发起或其他因素)、或相关「指定资产」所引致的发行人失责事件(如述)。 |
| 掉期安排: | 为使发行人能够履行其在债券项下的付款责任,发行人将与作为掉期对手的Morgan Stanley Capital Services Inc.,就每一债券组别订立资产掉期交易及信贷失责掉期交易,及与作为股票期权对手的Morgan Stanley & Co. International plc,就每一债券组别订立股票期权协议。掉期对手及股票期权对手的义务将由作为掉期担保人的Morgan Stanley担保。不过,本债券并非掉期对手、股票期权对手或掉期担保人的债项,并不会由掉期对手、股票期权对手或掉期担保人担保。 |
| 发行人提早赎回权: | 发行人可于至少5个营业日之前发出通知,在2008年1月6日及其后的任何时候以100%之本金及截至有关的赎回日之累计利息,提早赎回两组或其中一组债券(全部而非部分)。系列7债券投资者应了解若发行人行使其发行人提早赎回权,有关取消股票期权协议将不会支付金额或损失收取往后潜在额外红利的权利。 |

债项条款:

| | |
|--------|---|
| 相关主体*: | 美国银行公司(Aa1/AA/AA) [^] 、花旗公司(Aa2/AA/AA) [^] 、星展银行有限公司(Aa2/A/A+) [^] 、新加坡电讯有限公司(Aa2/A/A+) [^] 、华侨银行(Aa2/None/A+) [^] 、大华银行有限公司(Aa2/A-/None) [^] |
| 信贷事件: | 任何相关主体发生「破产」、「未能偿还应付款项」或「重组债务」等事件。定义详载于章程。 |

红利派付条款(只适用于系列7债券):

系列7债券有机会给投资者派发额外红利,假若篮子内公司获得正表现股价。

有关潜在额外红利的主要特色如下:

| | |
|----------------------|--|
| 支付潜在额外红利条件: | 系列7债券的投资者将于每个潜在额外红利派付日期时收取额外的利息(“潜在额外红利”)。系列7美元债券组别A提供年息率4%,而该系列新加坡元债券组别B则提供年息率4%,支付潜在额外红利的某些符合条件为,尤其以每间篮子内公司的普通股于潜在额外红利派付日期前的三个观察日的平均收市价必须等于或高于其相应股份最初现货价的110% (“目标价”)。投资者应注意潜在额外红利的支付可受影响。 [¶] 详情请准投资者参阅章程。 |
| 篮子内公司 [§] : | 美国银行公司、花旗公司、星展银行有限公司、新加坡电讯有限公司、华侨银行、大华银行有限公司 |
| 最初现货价: | 就每间篮子内公司的普通股而言,其股份于目标定价日期的收市价(预计为2007年6月26日) |
| 观察日期: | 每个潜在额外红利派付日期前的第16个营业日(“第一个观察日期”)及第一个观察日期紧随的两个营业日 [°] |

分销商包括CIMB-GK Securities Pte Ltd, DMG & Partners Securities Pte Ltd, Hong Leong Finance Limited, Kim Eng Securities Pte. Ltd, OCBC Securities Private Limited, Phillip Securities Pte. Ltd, RHB Bank Berhad 及 UOB Kay Hian Pte Ltd。安排人可于认购期内不时委任其他分销商发售本债券。

重要事项:

日期为2006年8月7日的基本章程及其他基本章程或章程之附件(如有)(「基本章程」)复印本(包括适用于本「首先失责债券」的附录「适用附录」),日期为2007年5月16日有关本债券的定价声明(「定价声明」)以及有关Pinnacle Performance Limited发行的本债券之申请表,可于正常办公时间内向各分销商的分行及安排人Morgan Stanley Dean Witter Asia (Singapore) Pte.的办事处索取,惟供应须视乎情况而定。有意认购本债券的投资者,须根据定价声明所述的方式作出申请。

本文件乃节录自定价声明,内容本身并不完整。本文件须与基本章程、适用附录、定价声明及任何相关补充文件(总称为「章程」)一并阅读,并受限于前述文件。除非内文须额外解释,否则,于本文件内尚未提供定义的词汇将与章程内的词汇具有相同定义。准投资者于作出有关购买本债券的决定前,必须仔细阅读章程。投资者必须清楚了解本债券的性质、所涉及风险,及仔细参阅详细于章程内有关多个影响本债券之回报及表现的因素(特别是基本章程内第8至17页的「风险因素」、基本章程内A-7至A-10页的「风险因素」及于定价声明内「有关债券系列7的附加风险因素」),并于决定购买或认购本债券前,应自行作出评估,或寻求独立的专业意见。

本文件仅作参考简介,并不构成购买或认购任何有关本债券的要约,或作出要约的诱使或邀请的一部分。换言之,任何人均不能单凭本文件而接纳或企图接纳本债券之任何要约。

Δ 支付潜在额外红利受限于载于此的情况—请参看「支付潜在额外红利条件」。

▲ 假若利息支付日期及潜在额外红利派付日期不是营业日,所支付的利息将延迟至下一个营业日,而所致的延期将不会有额外的派付金额。

指发行人作出投资当日的信贷评级。该等信贷评级将不时作出更改。

* 所列信贷评级为穆迪,标准普尔及/或惠誉分别给予各相关主体债项的信贷评级。请参阅章程以了解该等信贷评级的详义及资料。该等信贷评级乃摘录自标准普尔,穆迪及/或惠誉截至2007年5月14日所公布的资料,并不时作出更改。

^ 请注意信贷事件可能被触发于在相关债项以外的任何其他相关主体的债项,包括债项可能有较低信贷评级。

¶ 潜在额外红利将不会支付若发生任何以下事件:于潜在额外红利派付日或之前有关债券系列7所涉及及发生「信贷事件」、「强制赎回事件」或发行人于该日前行使其发行人提早赎回权。有关债券系列7所涉及及任何潜在额外红利的支付及款额亦可能因出现潜在调整事件或特别事件而受影响。

潜在调整事件为对有关篮子内公司的普通股的理论价值具有摊薄或集中影响的事件,例如该等股份、特别股息或股份认购期权或回购的分拆、合并或重新分类。在出现潜在调整事件后,决策代理人应决定对本债券有关潜在额外红利的条款作出适当的调整(如有),以说明潜在调整事件造成的摊薄或集中影响。特别事件包括就各有关篮子内公司而言的合并事件、收购要约、国有化、破产、除牌或法律变更。

在发生特别事件后,决策代理人可对债券系列7有关潜在额外红利的条款作出若干调整,包括以其他一家或多家实体取代一家或多家篮子内公司,或酌情决定透过发出取消通知,停止支付潜在额外红利。

§ 篮子内公司及相关主体可能为不同法律主体。于此资料简介及定价声明叙述的篮子内公司主体可更改。

° 观察日期受限于延期如在这些日子内发生市场干涉事件。

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THE DISTRIBUTORS

During the Offer Period, prospective retail investors may only subscribe for the Notes through an appointed Distributor.

The following are the Distributors which have been appointed as at the date of this Pricing Statement, and their respective addresses and “hotline” telephone numbers:

| <u>Distributors</u> | <u>Address</u> | <u>“Hotline”</u> |
|---|--|------------------|
| CIMB-GK Securities Pte Ltd..... | 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623 | 1800 538 9889 |
| DMG & Partners Securities Pte Ltd | 20 Raffles Place #22-01 Ocean Towers Singapore 048620 | 6538 3773 |
| Hong Leong Finance Limited..... | 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581 | 1800 800 8000 |
| Kim Eng Securities Pte. Ltd. | 9 Temasek Boulevard #39-00 Suntec Tower Two Singapore 038989 | 6226 0300 |
| OCBC Securities Private Limited..... | 18 Church Street #01-00 OCBC Centre South Singapore 049479 | 6438 4775 |
| Phillip Securities Pte Ltd | 250 North Bridge Road #06-00 Raffles City Tower Singapore 179101 | 6531 1555 |
| RHB Bank Berhad..... | 90 Cecil Street #02-00 Singapore 069531 | 1800 323 0100 |
| UOB Kay Hian Pte Ltd..... | 80 Raffles Place #30-01 UOB Plaza One Singapore 048624 | 6536 9338 |

Prospective investors should telephone one of the appointed Distributors if they wish to find out how to subscribe for the Notes and/or obtain a list of locations from which copies of the Base Prospectus (including the Applicable Annex) and this Pricing Statement may be obtained.

Additional distributors may be appointed by the Arranger after the date of this Pricing Statement. The identities and “hotlines” of any such additional distributors will be made available to prospective investors upon request during normal business hours on any day (Saturdays, Sundays and public holidays in Singapore excepted) from the offices of the Arranger specified on page i of this Pricing Statement. References herein to “**Distributor(s)**” shall be deemed to include any such additional distributor(s) appointed after the date of this Pricing Statement.

INFORMATION ABOUT THE NOTES

The following is a summary of certain important terms of the Notes which may not otherwise be contained in Part I of the Base Prospectus or the Applicable Annex. To understand the full terms and conditions of the Notes, please refer to the full text of the Master Conditions applicable to the Notes set out in the Applicable Annex and the Pricing Supplements in respect of the Notes (forms of which are set out in this Pricing Statement). See “Master Conditions” below for a description of the relationship between the Master Conditions and each such Pricing Supplement. Capitalised terms used in this Pricing Statement but not defined in this Pricing Statement shall have the meanings given to them in Part I of the Base Prospectus or the Applicable Annex.

Please refer to the paragraph headed “References to Noteholders” in the section headed “The Documents which constitute the Prospectus” in Part I of the Base Prospectus for a discussion relating to the usage of the terms “Noteholders”, “you”, “investors” and “prospective investors” in this Pricing Statement.

Offer Period: From 11.00 a.m. on 18 May 2007 to 4.30 p.m. on 22 June 2007 or such earlier or later date as may be determined by the Issuer, after consultation with the Arranger, in its absolute discretion.

If the Issuer reduces or extends the Offer Period, the expected Fixing Date and Issue Date will also be changed. The Issuer will notify the Distributors of the new expected end of the Offer Period, Fixing Date and Issue Date on or before the Original Fixing Date.

Note Type/Applicable Annex: First-to-Default Note Type. The Applicable Annex for the Notes is the Annex for First-to-Default Note Type.

Issue Size: In respect of each Series, the total principal amount of Notes of each Tranche of such Series to be issued will be determined by the Arranger in its absolute discretion on the Fixing Date in light of market interest in the Notes and will be recorded and be available for inspection at the office of the Arranger set out on page i above as soon as practicable after the Issue Date.

Issue Price: In respect of each Series, 100 per cent. of the principal amount of the Notes of such Series (the “**Issue Price**”).

Issue Date: The Issue Date is expected to be 6 July 2007 and may be changed as described under “**Offer Period**” above.

Fixing Date: Expected to be 26 June 2007 (the “**Original Fixing Date**”) and may be changed as described under “Offer Period” above.

Change of Fixing Date and/or Issue Date, or cancellation of issuance:

The Issuer, after consultation with the Arranger, may in its absolute discretion decide on or before the Fixing Date to issue or not to issue any or all Tranche(s), in light of general market interest in the Notes. This discretion may be exercised irrespective of whether any change of the Fixing Date and/or Issue Date has been made as described under “Offer Period” above.

If the Issuer decides not to issue any or all Tranche(s), monies paid by applicants in respect of the affected Tranche(s) will be returned to the Distributors within 7 Singapore, London and New York Business Days after the originally scheduled Issue Date. The Issuer will notify the Distributors as soon as practicable after the Fixing Date. See the paragraphs headed “Cancellation of the issue of any Tranches of Notes” and “Refund of Application Monies” in the section headed “Application Procedures” in this Pricing Statement.

Notwithstanding the determination by the Arranger of the total principal amount of Notes of a Tranche to be issued on the Fixing Date, the Issuer, after consultation with the Arranger, may at any time between the Fixing

Date and the then expected Issue Date exercise its absolute discretion to change the Issue Date. Where more than one Tranche is to be issued, the Issue Date of a Tranche may be changed independently of the Issue Date of the other Tranche(s). Such right to change the Issue Date will apply in addition to the right to change the Fixing Date. If the Issuer so changes the Issue Date of any Tranche(s), it will notify the Distributors on or before the then expected Issue Date.

Interest Rate:

Series 6 Tranche A Notes:

7.00 per cent. per annum from, and including, the first Interest Period to, and including, the Interest Period ending on the Scheduled Maturity Date (“**Year 1 to Year 5.5**”).

Series 6 Tranche B Notes:

5.20 per cent. per annum from Year 1 to Year 5.5.

Series 7 Tranche A Notes:

6.70 per cent. per annum from Year 1 to Year 5.5.

Series 7 Tranche B Notes:

5.00 per cent. per annum from Year 1 to Year 5.5.

Interest Amount:

Unless (i) notice of the occurrence of a Credit Event is given to Noteholders, (ii) a Mandatory Redemption Event occurs, (iii) an Event of Default occurs or (iv) an Issuer Call Option is exercised in respect of the relevant Tranche of Notes:

Series 6 Notes

- (a) on each Interest Payment Date relating to Year 1 to Year 5.5, the holders of Series 6 Tranche A Notes will receive an amount of USD175.00 per Series 6 Tranche A Note; and
- (b) on each Interest Payment Date relating to Year 1 to Year 5.5, the holders of Series 6 Tranche B Notes will receive an amount of SGD130.00 per Series 6 Tranche B Note.

Series 7 Notes

- (a) on each Interest Payment Date relating to Year 1 to Year 5.5, the holders of Series 7 Tranche A Notes will receive an amount of USD167.50 per Series 7 Tranche A Note; and
- (b) on each Interest Payment Date relating to Year 1 to Year 5.5, the holders of Series 7 Tranche B Notes will receive an amount of SGD125.00 per Series 7 Tranche B Note.

Interest Payment Dates:

Interest will be payable semi-annually in arrear on 6 January and 6 July in each year (or, if applicable, such other dates falling on every six months following the Issue Date), commencing on 6 January 2008 (or, if applicable, such other date as may be six months following the Issue Date) up to and including the Scheduled Maturity Date.

Notwithstanding the above:

- (a) upon (i) a notice being given to the Noteholders of a Series in respect of the occurrence of a Credit Event or (ii) a Mandatory Redemption Event in respect of a Series occurring or (iii) an Event of Default occurring, the Notes of such Series will cease to bear any interest from the Interest Payment Date immediately preceding the Event Determination Date or, as the case may be, the date on which such Mandatory Redemption Event occurs or, as the case may be,

the date on which the Event of Default occurs (or, if the Event Determination Date, Mandatory Redemption Event or the Event of Default occurs prior to the first Interest Payment Date, no interest will be payable on the Notes); and

- (b) upon the exercise of an Issuer Call Option in respect of a Tranche of Notes, no interest will be payable on such Tranche of Notes after the Call Redemption Date in respect of such Issuer Call Option.

If an Interest Payment Date falls on a day which is not a Business Day, then payment of the interest or principal due on that day will be made on the first Business Day after that day. No adjustment will be made to the amount of interest or principal payable in the event of such a postponed payment.

Interest Rate Day Count Fraction: 30/360

Equity Bonus Coupon: *Series 7 Tranche A Notes:*

4.00 per cent per annum, provided that the Equity Bonus Payment will only be payable if the Equity Bonus Condition is fulfilled in respect of the relevant Equity Bonus Payment Date.

Series 7 Tranche B Notes:

4.00 per cent per annum, provided that the Equity Bonus Payment will only be payable if the Equity Bonus Condition is fulfilled in respect of the relevant Equity Bonus Payment Date.

No Equity Bonus Coupon applies to, and accordingly no Equity Bonus Payment is payable in respect of, the Series 6 Tranche A Notes and the Series 6 Tranche B Notes.

Where:

The “**Equity Bonus Condition**” is fulfilled in respect of an Equity Bonus Payment Date where the Determination Agent, acting for and on behalf of the Issuer, determines (in its sole discretion) that with respect to the Observation Dates immediately preceding such Equity Bonus Payment Date, the Final Price of each Share is equal to or greater than its Target Price. For the avoidance of doubt, if the Final Price of any one or more Shares is less than its or their respective Target Price(s), the Equity Bonus Condition shall not be fulfilled. The Equity Bonus Condition shall be deemed not to be fulfilled with respect to each Equity Bonus Payment Date falling on or after the date of a Cancellation Notice given following the occurrence of an Extraordinary Event (see Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement).

“**Basket Company**” means each company described as a “Basket Company” in the section headed “Information about the Basket Companies and the Shares” in this Pricing Statement. For the avoidance of doubt, the Basket Companies and the Reference Entities may be comprised of different legal entities.

“**Closing Price**” means, in respect of a Share, the official closing share price of the Share on the Relevant Stock Exchange.

“**Final Price**” means, in relation to each Equity Bonus Payment Date and in respect of each Share, the arithmetic mean of the Closing Prices of such Share on the Observation Dates immediately preceding such Equity Bonus Payment Date, rounded to two decimal places (with USD0.005 or

SGD0.005 (as applicable) and above being rounded upward).

“Initial Spot Price” means, in respect of a Share of a Basket Company, the Closing Price of such Share on the Target Price Fixing Date.

“Observation Dates” means the sixteenth (16th) Business Day prior to each Equity Bonus Payment Date (the **“First Observation Date”**) and the two Business Days following the First Observation Date (or, if any such date is not a Scheduled Trading Day, such date will be postponed to the next following Scheduled Trading Day) provided that if any such date is a Disrupted Day, such Observation Date will be determined in accordance with Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement.

“Relevant Stock Exchange” means, in respect of a Share of a Basket Company, the stock exchange as specified in respect of such Share in the section headed “Information about the Basket Companies and the Shares” in this Pricing Statement, any successor to such exchange or any substitute exchange or quotation system to which trading in the Share of such Basket Company has temporarily relocated (provided that the Determination Agent, acting for and on behalf of the Issuer, has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Relevant Stock Exchange).

“Share” means, in respect of a Basket Company, an ordinary share of such Basket Company.

“Target Price” means, in respect of a Share of a Basket Company, 110% of the Initial Spot Price of such Share, rounded to two decimal places (with USD0.005 or SGD0.005 (as applicable) and above being rounded upwards).

“Target Price Fixing Date” means the Fixing Date (as defined on the cover page of this Pricing Statement) (or, if the Fixing Date is not a Scheduled Trading Day, the Target Price Fixing Date will be postponed to the next following Scheduled Trading Day) provided that if any such date is a Disrupted Day, the Target Price Fixing Date will be determined in accordance with Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement.

The terms of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes in respect of the Equity Bonus Coupon and the Equity Bonus Payment (including the Target Price of a Share and/or the identity of the original Basket Companies) are subject to adjustment following the occurrence of certain events. See Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement. Accordingly, references to “Basket Company”, “Target Price” and “Relevant Stock Exchange” include any entity replacing an original Basket Company or such replacement entity, any adjusted Target Price or any replacement exchange, respectively, pursuant to any such adjustment.

The Issuer shall use its best efforts to notify the Distributors (who will then notify the Noteholders holding the Series 7 Tranche A Notes and the Series 7 Tranche B Notes), by no later than the fifth (5th) Business Day before each Equity Bonus Payment Date, whether any Equity Bonus Payment is payable on such Equity Bonus Payment Date.

The Initial Spot Price and the Target Price of the Shares of each Basket Company will not be available at the time investors decide to purchase the Notes. However, the Issuer will, as soon as practicable after the Issue Date, notify the Distributors (who will then notify the Noteholders holding the Series 7 Tranche A Notes and the Series 7 Tranche B Notes) of the Initial Spot Price and the Target Price of such Shares. Please see the sections headed “Additional Risk Factors in Respect of Series 7 Notes - Equity Bonus Payment and the Basket Companies and their Shares” and “Additional Risk Factors in Respect of Series 7 Notes - Fluctuations in the price of the Shares” and “Additional Risk Factors in Respect of Series 7 Notes - Target Price to be determined on the Target Price Fixing Date” set out in this Pricing Statement.

Equity Bonus Payment:

Unless (i) notice of the occurrence of a Credit Event is given to Noteholders, (ii) a Mandatory Redemption Event occurs, (iii) an Event of Default occurs or (iv) an Issuer Call Option is exercised in respect of the relevant Tranche of Notes, and provided that the Equity Bonus Condition is fulfilled with respect to the relevant Equity Bonus Payment Date:

(a) on each Equity Bonus Payment Date (other than the Equity Bonus Payment Date falling on the Scheduled Maturity Date), the holders of Series 7 Tranche A Notes will receive an amount of USD200.00 per Series 7 Tranche A Note and the holders of Series 7 Tranche B Notes will receive an amount of SGD200.00 per Series 7 Tranche B Note; and

(b) on the Equity Bonus Payment Date falling on the Scheduled Maturity Date, the holders of the Series 7 Tranche A Notes will receive an amount of USD100.00 per Series 7 Tranche A Note and the holders of Series 7 Tranche B Notes will receive an amount of SGD100.00 per Series 7 Tranche B Note, each such payment, an “Equity Bonus Payment”. No Equity Bonus Payment will be paid on an Equity Bonus Payment Date if the Equity Bonus Condition is not fulfilled in respect of such Equity Bonus Payment Date.

Equity Bonus Payment Dates:

The Equity Bonus Payment will be payable annually in arrear on 6 July in each year (or, if applicable, such other dates falling on every twelve months following the Issue Date), commencing on 6 July 2008 (or, if applicable, such other date as may be twelve months following the Issue Date) up to and including 6 July 2012 and the Scheduled Maturity Date, or, if applicable, (in the case of notice of the occurrence of a Credit Event being given to Noteholders of the relevant Tranche of Series 7 Notes or a Mandatory Redemption Event or an Event of Default occurring) the Equity Bonus Payment Date immediately preceding the date upon which notice is given to the Noteholders of the relevant Tranche of the Series 7 Notes of the occurrence of a Credit Event or, as the case may be, the date upon which the Mandatory Redemption Event occurs or, as the case may be, the date upon which the Event of Default occurs or (in the case of the exercise of an Issuer Call Option in respect of the relevant Tranche of Series 7 Notes) (where an Equity Bonus Payment Date falls on the Interest Payment Date on which such Issuer Call Option is exercised) the Equity Bonus Payment Date on which such Issuer Call Option is exercised or (where an Equity Bonus Payment Date does not fall on the Interest Payment Date on which such Issuer Call Option is exercised) the Equity Bonus Payment Date immediately preceding the Interest Payment Date on which such Issuer Call Option is exercised (see “Procedure for redemption of the Series 7 Notes following a Credit Event”, and “Issuer Call Options” in the section headed “Summary of the Equity Option

Arrangements” of this Pricing Statement).

If an Equity Bonus Payment Date in any year is a Saturday or a Sunday or otherwise is not a Business Day then payment of the Equity Bonus Payment due on that day will be made on the next following Business Day. No adjustment will be made to the amount of Equity Bonus Payment payable in the event of such a postponed payment. Upon (i) a notice being given to the Noteholders of the relevant Tranche of Series 7 Notes in respect of the occurrence of a Credit Event or (ii) a Mandatory Redemption Event occurring or (iii) an Event of Default occurring, the relevant Tranche of Series 7 Notes will cease to bear any Equity Bonus Payment from the Equity Bonus Payment Date immediately preceding the date upon which notice is given to the Noteholders of the relevant Tranche of Series 7 Notes of the occurrence of such Credit Event or, as the case may be, the date upon which the Mandatory Redemption Event occurs or, as the case may be, the date upon which the Event of Default occurs or, if notification of such Credit Event is given or, as the case may be, the Mandatory Redemption Event occurs or, as the case may be, the Event of Default occurs prior to the first Equity Bonus Payment Date, no Equity Bonus Payment will be payable on the relevant Tranche of Series 7 Notes.

Upon the exercise of an Issuer Call Option in respect of the Series 7 Tranche A Notes or the Series 7 Tranche B Notes on an Interest Payment Date which is also an Equity Bonus Payment Date, an Equity Bonus Payment may be payable in respect of such Tranche of Notes if the Equity Bonus Condition is fulfilled. Upon the exercise of an Issuer Call Option in respect of the Series 7 Tranche A Notes or the Series 7 Tranche B Notes on an Interest Payment Date which is not also an Equity Bonus Payment Date, no Equity Bonus Payment is due or payable in respect of such Tranche of Notes on such Interest Payment Date. No Equity Bonus Payment will be payable on the Series 7 Tranche A Notes or the Series 7 Tranche B Notes after the Interest Payment Date on which the Issuer Call Option is exercised.

Equity Bonus Day Count Fraction: 1/1, other than in respect of the Equity Bonus Payment (if any) payable on the Equity Bonus Payment Date falling on the Scheduled Maturity Date, in which case it is 1/2.

Final Equity Bonus Payment: If, following the occurrence of an Extraordinary Event, an equity option transaction under the Equity Option Agreement is terminated and a cancellation payment is payable by the Equity Option Counterparty to the Issuer in connection with such termination, the Issuer shall pay a *pro rata* amount of such cancellation payment to the holders of the Series 7 Tranche A Notes (if such equity option transaction relates to the Series 7 Tranche A Notes) or the Series 7 Tranche B Notes (if such equity option transaction relates to the Series 7 Tranche B Notes), as the case may be, on the fifth Business Day following the date of delivery of the Cancellation Notice. See Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement.

No cancellation payment is payable by the Equity Option Counterparty to the Issuer and accordingly no payment is payable by the Issuer to the holders of the Series 7 Tranche A Notes or the Series 7 Tranche B Notes in connection with the termination of the Equity Option Agreement as a result of the exercise of an Issuer Call Option in respect of the Series 7 Tranche A Notes or the Series 7 Tranche B Notes, as the case may be.

Scheduled Maturity Date: *Series 6 Notes*

In respect of each Tranche of Series 6 Notes, 6 January 2013 (or, if applicable, such date falling 66 months after the Issue Date).

Series 7 Notes

In respect of each Tranche of Series 7 Notes, 6 January 2013 (or, if applicable, such date falling 66 months after the Issue Date).

Please note that the Notes of a Series may be redeemed before or after the Scheduled Maturity Date in respect of such Series if notice of the occurrence of a Credit Event is given to Noteholders or if a Mandatory Redemption Event in respect of such Series or Event of Default occurs. A Tranche of Notes will be redeemed before the relevant Scheduled Maturity Date if the Issuer exercises the Issuer Call Option in respect of such Tranche of Notes.

Redemption Amount on the Scheduled Maturity Date:

In respect of a Series, 100 per cent. of the principal amount outstanding of the Notes of such Series (subject to the consequences of a Credit Event, a Mandatory Redemption Event in respect of such Series, an Event of Default or the exercise of an Issuer Call Option).

Note Denomination/Principal Amount per Note:

Series 6 Tranche A Notes and Series 7 Tranche A Notes: USD5,000
Series 6 Tranche B Notes and Series 7 Tranche B Notes: SGD5,000

Form:

The Notes will be in bearer global form. Each Tranche of Notes will be represented by a Global Note to be held by the Clearing System.

Clearing System:

The Central Depository (Pte) Limited (with a link to the Euroclear system)

For a description of how investors will hold the Notes, please see the section headed "Custody Arrangements for the Notes" in Part 1 of the Base Prospectus.

Neither the Issuer nor the Arranger accepts any responsibility for the provision of custody services or for any consequences of, or arising from, the use of investment accounts or custody services.

Notices:

So long as the Notes are represented by the Global Notes which are registered in the name of CDP or a nominee for the common depository for Euroclear and/or Clearstream, notices required to be given to Noteholders (including in relation to the occurrence of a Credit Event, a Mandatory Redemption Event or an Event of Default) may be given by their being delivered to entitled accountholders in CDP, Euroclear and/or Clearstream in the following manner:

- (a) if the relevant Clearing System permits notices to entitled accountholders to be sent through such Clearing System, the notices will be sent in such manner; and
- (b) if the relevant Clearing System does not so permit, the notices will be given either by mail to the entitled accountholders or by publication in a daily newspaper of general circulation in Singapore approved by the Trustee.

Please note that investors who hold their investment in Notes through a Distributor will need to rely on their Distributor (as entitled accountholders) to communicate such notices to them.

A copy of each notice given by the Issuer in respect of the Notes (to Noteholders or, in the case of notices regarding a reduction or extension of the Offer Period or a change of the Fixing Date or the Issuer Date, to the Distributors) will be made available for inspection as set out under the

paragraph headed “Display Documents” under the section headed “Additional Information about the Offering” in this Pricing Statement.

Swap Agreement/ Swap Guarantee:

To enable the Issuer to meet its payment obligations under the Notes, the Issuer will enter into a Swap Agreement with Morgan Stanley Capital Services Inc. as Swap Counterparty in respect of the Notes. The obligations of the Swap Counterparty will be guaranteed by Morgan Stanley as Swap Guarantor pursuant to the Swap Guarantee. (See the sections headed “Summary of the Swap Arrangements” and “Overview of the parties to the Programme — The Swap Counterparty, the Forward Counterparty and the Swap Guarantor” in Part 1 of the Base Prospectus.)

The Notes will not be obligations of and will not be guaranteed by either the Swap Counterparty or the Swap Guarantor. The Swap Guarantee comprises a guarantee only in respect of the Swap Counterparty’s payment of all amounts due and payable to the Issuer under the relevant Swap Agreement.

Under the terms of the Swap Agreement in respect of the Notes, the Swap Counterparty has the right to transfer the Swap Agreement, by way of novation, to an affiliate of the Swap Counterparty provided that the Issuer will continue to have the benefit of the Swap Guarantee after such transfer.

Forward Agreement/Forward Guarantee:

In respect of each Series of Notes, the Issuer will enter into a Forward Agreement with Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) as Forward Counterparty in connection with the issue of such Series of Notes. The obligations of the Forward Counterparty will be guaranteed by the Swap Guarantor pursuant to the Forward Guarantee.

If an Issuer Call Option is exercised in relation to a Tranche of Notes, the Issuer will, pursuant to the Forward Agreement in respect of the relevant Series, deliver to the Forward Counterparty the Underlying Assets in respect of such Tranche of Notes and in return receive a cash amount equal to the principal amount of such Underlying Assets. The Issuer will pay to the Swap Counterparty such cash amount it receives from the Forward Counterparty and the Swap Counterparty will pay to the Issuer an amount equal to the principal amount of the relevant Tranche of Notes plus any accrued interest up to the Call Redemption Date in respect of such Issuer Call Option to enable the Issuer to meet its obligations under such Tranche of Notes. See the sections headed “Summary of the Forward Agreement” and “Overview of the parties to the Programme — The Swap Counterparty, the Forward Counterparty and the Swap Guarantor” in Part 1 of the Base Prospectus for further details.

Equity Option Agreement / Forward Guarantee:

In connection with the issue of each Tranche of the Series 7 Notes, the Issuer will enter into a confirmation in respect of an equity option transaction with Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) (in this capacity, the “**Equity Option Counterparty**”). These confirmations will incorporate the terms of a master agreement on the terms of the Forward Master Agreement. The confirmations together with the Forward Master Agreement create a single agreement and are referred to herein together as the “**Equity Option Agreement**”. The obligations of the Equity Option Counterparty will be guaranteed by the Swap Guarantor pursuant to the Forward Guarantee.

The Equity Option Agreement shall be a “Related Agreement” under the Master Conditions.

Under the Equity Option Agreement, (a) the Issuer will on the Issue Date pay or procure to be paid to the Equity Option Counterparty a premium the amount of which will be determined on or prior to the Issue Date (the “**Series 7 Tranche A Equity Option Premium**”) in respect of the equity option transaction in connection with Series 7 Tranche A Notes and a premium the amount of which will be determined on or prior to the Issue Date (the “**Series 7 Tranche B Equity Option Premium**”) in respect of the equity option transaction in connection with the Series 7 Tranche B Notes; and (b) if the Equity Bonus Condition is fulfilled in respect of an Equity Bonus Payment Date, the Equity Option Counterparty will pay the Issuer an amount equal to any Equity Bonus Payment due to be paid by the Issuer on the Series 7 Tranche A Notes and/or the Series 7 Tranche B Notes, as the case may be, to enable the Issuer to meet its payment obligations on such Equity Bonus Payment Date under such Tranche or Tranches of Notes.

Security:

In respect of each Series of Notes, pursuant to the provisions of the Principal Trust Deed and a supplemental trust deed to be entered into between, amongst others, the Issuer and the Trustee on or about the Issue Date (the supplemental trust deed in respect of the Series 6 Notes, the “**Sixth Supplemental Trust Deed**” and the supplemental trust deed in respect of the Series 7 Notes, the “**Seventh Supplemental Trust Deed**”). The Sixth Supplemental Trust Deed together with the Principal Trust Deed is a “**Trust Deed**” in respect of the Series 6 Notes, and the Seventh Supplemental Trust Deed together with the Principal Trust Deed is a “**Trust Deed**” in respect of the Series 7 Notes), the Issuer will grant Security over the Charged Assets described below to the Trustee. The Trustee shall hold such Security on behalf of the Secured Creditors.

Charged Assets:

In respect of each Series of Notes:

- a fixed charge of its rights attaching to or relating to the Underlying Assets in respect of such Series and all sums derived therefrom (see the section headed “Information on the Underlying Assets” in Part 1 of the Base Prospectus and this Pricing Statement);
- an assignment of all its rights, title and interest under the Swap Agreement in respect of such Series, the Swap Guarantee, the Forward Agreement in respect of such Series, the Forward Guarantee, (in respect of the Series 7 Notes only) the Equity Option Agreement and the Agency Agreement, including all its rights against the Custodian, to the extent they relate to the Underlying Assets in respect of such Series, including, amongst others, all rights to the delivery of such Underlying Assets against the Custodian or any Clearing System; and
- a fixed charge of all sums (i) received under the Swap Agreement in respect of such Series, the Swap Guarantee, the Forward Agreement in respect of such Series, the Forward Guarantee and (in respect of the Series 7 Notes only) the Equity Option Agreement and (ii) held by the Principal Paying Agent or the Custodian to meet payments due in respect of such Series of Notes.

Secured Creditors:

The claims of the Trustee, the Custodian, the Principal Paying Agent, the Swap Counterparty, the Forward Counterparty and (in respect of the Series 7 Notes only) the Equity Option Counterparty against the Issuer in respect of a Series will rank prior to the claims of the Noteholders under the Notes of such Series in the application of all monies received in connection with the realisation or enforcement of the Charged Assets in respect of such Series (please see further the paragraph headed “Order of Priorities” in this section below). In realising the Charged Assets in respect of a Series, the Trustee is obliged to act in accordance with the directions of the Instructing Creditor.

Instructing Creditor:

Swap Counterparty

Order of Priorities:

All monies received by the Trustee in respect of the Charged Assets in respect of a Series of Notes will be applied in the following order of priorities:

- (a) First, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts under the notes and the Trust Deed in respect of such Series (including any taxes required to be paid, the costs of realising or enforcing any security and the Trustee’s remuneration);
- (b) 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 in respect of such Series other than those set out in (d) below;
- (c) Thirdly, rateably in meeting the claims (if any) of the Swap Counterparty under the Swap Agreement in respect of such Series and the Forward Counterparty under the Forward Agreement in respect of such Series and (in respect of the Series 7 Notes only) the Equity Option Counterparty under the Equity Option 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 or the Forward Counterparty under the Forward Agreement or (in respect of the Series 7 Notes only) the Equity Option Counterparty under the Equity Option Agreement, as the case may be, in each case in respect of such Series and relating to sums receivable on the Underlying Assets in respect of such Series);
- (d) Fourthly, rateably in meeting the claims (if any) of the holders of Notes and Coupons (as defined in the Master Conditions set out in the Applicable Annex) of the relevant Series of Notes (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 Notes and/or Coupons of the relevant Series of Notes); and
- (e) Fifthly, in payment of the balance (if any) to the Issuer.

Underlying Assets:

The Issuer will invest the entire issue proceeds of each Series of Notes in Eligible Investments that satisfy certain criteria. Such Eligible Investments so invested are referred to in this Pricing Statement as the “**Original Underlying Assets**”. See the section headed “Information About the Original Underlying Assets” in this Pricing Statement for a description of such criteria and other information on the Underlying Assets, including the circumstances in which they may be reinvested.

Credit Event:

A Credit Event means the occurrence of one of the following events²:

(A) with respect to North American Corporate Investment Grade Reference Entities and their Successors:

- (i) Bankruptcy;
- (ii) Failure to Pay;
- (iii) Restructuring;

(B) with respect to Singapore Corporate Reference Entities and their Successors:

- (i) Bankruptcy;
- (ii) Failure to Pay; and
- (iii) Restructuring.

Please refer to the section headed “Information About the Reference Entities” in this Pricing Statement for a list of the Reference Entities and their Entity Types.

Each of the above Credit Events is defined in full in the Master Conditions set out in the Applicable Annex. Such definitions are based on (with certain modifications) technical definitions current in the professional credit derivative market. Prospective investors should remember that the actual occurrence of a Credit Event will be determined by the Determination Agent, acting for and on behalf of the Issuer, on a strict application of the technical definitions set out in the Master Conditions in the Applicable Annex.

In the event that any Reference Entity is subject to a Succession Event (as defined in the Master Conditions), the Issuer shall notify the Trustee of such Succession Event and the identities and a brief description of the relevant Successors.

² Please refer to the definition of “Restructuring” set out in the Applicable Annex in respect of each Reference Entity.

Master Conditions:

This section of this Pricing Statement is a summary of those important terms of the Notes which are not otherwise contained in Part 1 of the Base Prospectus or the Applicable Annex. The full terms and conditions of the Notes of a Series can be reviewed by reading together the following:

- (a) the Master Conditions, which comprise the basis of all Notes to be issued under the Programme, and which are set out in full in the Applicable Annex; and
- (b) the Pricing Supplement for each Tranche of the Notes of a Series to be issued on the Issue Date of the Notes, which applies and/or disapplies and/or supplements or amends the Master Conditions in the manner required to reflect the particular terms and conditions applicable only to the relevant Tranche of Notes described in this Pricing Statement. Forms of the Pricing Supplements are set out in this Pricing Statement.

Noteholder call option:

Noteholders will not have any option to redeem the Notes early.

Rating:

The Notes will not have the benefit of any credit rating.

Listing:

The Notes will not be listed on any exchange.

ADDITIONAL RISK FACTORS IN RESPECT OF SERIES 7 NOTES

Prior to making an investment decision, prospective investors should carefully consider the contents of this Pricing Statement, Part 1 of the Base Prospectus and the Annex for First-to-Default Note Type of the Base Prospectus, in particular the sections headed "Risk Factors" in Part 1 of the Base Prospectus and "Risk Factors" in the Annex for First-to-Default Note Type of the Base Prospectus, respectively, and the following risk factors in respect of the Series 7 Notes. Structured securities such as the Notes are sophisticated instruments and can involve a high degree of risk.

Prospective investors however should be aware that this Pricing Statement, together with the Base Prospectus, can only disclose the most relevant risks and cannot disclose all the risks of the Notes. The information set out herein is included for the purpose of enabling prospective investors to make an informed assessment of the terms of the Notes, general risks of investing in the Notes and the capacity of the Issuer to fulfil its obligations under the Notes. No person should purchase or deal in the Notes unless they understand the nature of the transaction and the extent of their exposure to potential loss. Prospective investors in the Notes should therefore consult their own legal, tax, accountancy and other professional advisers to assist them to determine the suitability of the Notes for them as an investment.

Notwithstanding its ability to understand and make independent decisions regarding investing in the Notes, by purchasing Notes, an investor in the Notes shall be treated by the Issuer as implicitly representing and warranting that he has assumed, and is willing to assume, the complexity and risks inherent in the Notes, regardless of whether or not he has disclosed the same to the Issuer.

Equity Bonus Payment and the Basket Companies and their Shares

Whether holders of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes receive an Equity Bonus Payment on an Equity Bonus Payment Date depends on whether certain conditions are satisfied, in particular whether the Equity Bonus Condition is fulfilled with respect to such Equity Bonus Payment Date. This in turn depends on the Closing Price of the Shares of each of the Basket Companies on the three Observation Dates immediately preceding such Equity Bonus Payment Date and whether the resulting Final Price of the Shares of each Basket Company, calculated using such Closing Prices, exceeds its corresponding Target Price. Accordingly, the return of the investment in the Series 7 Tranche A Notes and the Series 7 Tranche B Notes depends in part on the performance of the Shares of the Basket Companies.

The performance of the Shares of a Basket Company will depend on a number of factors which may affect the price of such Shares including, amongst other things, the credit-worthiness, financial condition, performance and other characteristics of such Basket Company, the social, political and economic events, developments and trends in any particular industry or region within which such Basket Company operates, the conditions of any relevant domestic and international financial markets, as well as changes in prevailing interest rates and other general economic conditions and outlook. There can be no assurance that such factors will not adversely affect the credit-worthiness of a Basket Company, its relative financial performance or prospects and/or the Closing Prices of its Shares and, in turn, the performance of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes.

The Equity Bonus Payment ceases to be payable if the Determination Agent, acting for and on behalf of the Issuer, serves a Cancellation Notice following the occurrence of an Extraordinary Event (see Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement). Accordingly, investors in the Series 7 Tranche A Notes and the Series 7 Tranche B Notes bear the risk of the occurrence of an Extraordinary Event in respect of the Shares of a Basket Company or a Basket Company and the risk that, following such an event, the Equity Bonus Payment ceases to be payable.

No Equity Bonus Payment is payable upon the occurrence of a Credit Event, Mandatory Redemption Event or Event of Default on or prior to an Equity Bonus Payment Date or the Issuer exercising its Issuer Call Option prior to such date.

Prospective investors who consider purchasing the Series 7 Tranche A Notes and/or the Series 7 Tranche B Notes should reach an investment decision only after carefully considering the suitability of such Notes in light of their particular circumstances, particularly the risks associated with each Basket Company and the Shares.

Fluctuations in the price of the Shares

Investors contemplating an investment in the Series 7 Tranche A Notes and the Series 7 Tranche B Notes should recognise that the price of the Shares of a Basket Company can fluctuate and may not always reflect their underlying value. Investors should be aware that price performance of the Shares in any future period may not mirror their past performance. The prices of the Shares may go down as well as up and may fluctuate over the term of the Notes.

Target Price to be determined on Target Price Fixing Date

The Target Price in respect of the Shares of each Basket Company will only be determined on the Target Price Fixing Date after the close of the Offer Period. Investors in the Series 7 Tranche A Notes and the Series 7 Tranche B Notes are therefore required to commit to the purchase of such Notes before the Target Prices are known. Upon the occurrence of a Market Disruption Event, the Target Prices in respect of the Shares of each Basket Company may not be fixed on the same day.

An investment in the Notes is not the same as an investment in the Shares

(a) Payment of dividends on the Shares

Any dividend paid on the Shares or any other distribution received by a holder of such Shares shall not be determinative of the payment of, or reflected in the amount of, any Equity Bonus Payment in respect of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes. Accordingly, the investment yield realised by holding such Notes may be different from the investment yield which would be realised by holding the Shares.

(b) The Basket Companies do not constitute a basket or an index

An investment in the Series 7 Tranche A Notes and the Series 7 Tranche B Notes is not the same as an investment in the Shares of each Basket Company or an investment which is linked to an index or basket reflecting the aggregate prices of the Shares of each Basket Company. In particular, any increase in the price of the Shares of one Basket Company above the relevant Target Price will not compensate for a drop in the price of the Shares of any other Basket Company and, in respect of each Equity Bonus Payment Date, the Final Prices of all Basket Companies must be equal to or exceed the corresponding Target Prices in order for the Equity Bonus Condition to be fulfilled. If the Final Price of the Shares of any one or more Basket Companies is below the Target Price, the Equity Bonus Payment will not be payable in respect of the relevant Equity Bonus Payment Date. In addition, you should note that the price of the Shares of each Basket Company is just one factor which may impact on the market value of such Notes, and this impact has to be considered along with a number of other factors which may also affect the market value of such Notes, including (without limitation) the Reference Entities, the Underlying Securities, prevailing interest rates, prevailing interest rates expectations and the general market conditions.

(c) No claim against Basket Companies

Each of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes do not represent a claim against any of the Basket Companies and neither the Issuer nor any holder of such Notes will have any recourse under such Notes to any Basket Company.

(d) Tax consequences

An investment in Series 7 Tranche A Notes and the Series 7 Tranche B Notes may have different tax consequences from an investment in the Shares. Investors should consult their own tax advisers prior to the purchase of such Notes.

(e) Synthetic Exposure

The Series 7 Tranche A Notes and the Series 7 Tranche B Notes are linked to but are not obligations of the Basket Companies. The exposure to the Shares is created synthetically through the Equity Option Agreement. The Issuer will only have a contractual relationship with the Equity Option Counterparty under the Equity Option Agreement and will not own any Shares of the Basket Companies. The Equity Option Agreement does not constitute a purchase or other acquisition or assignment of any interest in any Shares of the Basket Companies, and the Issuer and the holders of such Notes will not acquire any voting interests or other shareholder rights that would be acquired with a direct investment in the Shares. In addition, the Issuer may not receive all of the information and reports to holders of the Shares which the Issuer would otherwise receive with a direct investment in the Shares.

Prospective investors should also note that the Equity Option Counterparty is not required to own any of the Shares or have any risk to any of the Basket Companies. If the Equity Option Counterparty were to own any Share, it is under no obligation to account to the Issuer for any amount it may receive through such ownership or recover from the sale or other transfer thereof.

Impact of a Market Disruption Event on a Target Price Fixing Date and an Observation Date

If a Market Disruption Event in respect of the Shares of any Basket Company has occurred on a Scheduled Trading Day, the Target Price Fixing Date or the applicable Observation Date, as the case may be, in respect of such Shares will be postponed. If eight (8) Scheduled Trading Days (in the case of a Target Price Fixing Date) or five (5) Scheduled Trading Days (in the case of an Observation Date) after the occurrence of the Market Disruption Event that Market Disruption Event is still continuing, then such eighth (8th) Scheduled Trading Day (in the case of a Target Price Fixing Date) or fifth (5th) Scheduled Trading Day (in the case of an Observation Date) shall be deemed to be a Target Price Fixing Date or the applicable Observation Date, as the case may be, in respect of such Shares, and the Determination Agent, acting for and on behalf of the Issuer, shall determine in good faith the Closing Price of such Shares.

Adjustment following a Potential Adjustment Event

If a Potential Adjustment Event occurs and the Determination Agent, acting for and on behalf of the Issuer, in its sole and absolute discretion, determines that such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share, the Determination Agent, acting for and on behalf of the Issuer, may determine to make certain adjustments to the terms of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes in respect of the Equity Bonus Payment (including to the Target Price of the relevant Share) to account for the diluting or concentrative effect of the Potential Adjustment Event. The terms of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes in respect of the Equity Bonus Payment, including the Target Price of the relevant Share, in each case if adjusted will not be known to the investors in the Series 7 Tranche A Notes and the Series 7 Tranche B Notes when they commit to the purchase of such Notes.

Adjustment or cancellation following an Extraordinary Event

If an Extraordinary Event occurs in respect of a Basket Company, the Determination Agent, acting for and on behalf of the Issuer, may determine to make certain adjustments, including substituting one or more Basket Companies with another or other entities to take into account the economic effect of such Extraordinary Event. The identity of the new Basket Company or Basket Companies and the Target Prices of the Shares of the existing Basket Companies if adjusted or new Basket Company or Basket Companies, as the case may be, will not be known to the investors in the Series 7 Tranche A Notes and the Series 7 Tranche B Notes when they commit to the purchase of such Notes. Alternatively, the Determination Agent, acting for and on behalf of the Issuer, may in its sole discretion determine that the Equity Bonus Payment shall cease to be payable by giving a Cancellation Notice.

SUMMARY OF THE EQUITY OPTION ARRANGEMENTS

The following description is a summary only of the equity option arrangements and is subject in all respects to the terms of the Equity Option Agreement. A copy of the Equity Option Agreement will be available for inspection as set out under the section headed “Additional Information about the Offering” in this Pricing Statement, and a copy of the Forward Guarantee will be available for inspection as set out under the section headed “General Information” in Part 1 of the Base Prospectus.

The Equity Option Agreement

The Issuer will enter into an Equity Option Agreement with Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) as Equity Option Counterparty in connection with the issue of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes. In connection with the issue of each of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes, the Issuer will enter into an equity option transaction. Each confirmation in respect of such equity option transaction together with the master agreement between the Issuer and the Equity Option Counterparty (being in the form of the Forward Master Agreement) are referred to in this Pricing Statement as the “Equity Option Agreement”. The obligations of the Equity Option Counterparty under the Equity Option Agreement will be guaranteed by the Swap Guarantor pursuant to the provisions of the Forward Guarantee. The Equity Option Agreement shall also be a “Related Agreement” under the Master Conditions.

The Equity Option Counterparty is the same entity as the Forward Counterparty. For further information in respect of the Equity Option Counterparty and/or the Swap Guarantor, see the section headed “Overview of Parties to the Programme - The Swap Counterparty, the Forward Counterparty and the Swap Guarantor” in Part 1 of the Base Prospectus.

The arrangements contemplated by the Equity Option Agreement will enable the Issuer to receive in respect of an Equity Bonus Payment Date from the Equity Option Counterparty an amount equal to any Equity Bonus Payment payable under the Series 7 Tranche A Notes and/or the Series 7 Tranche B Notes, as the case may be, on such Equity Bonus Payment Date, if in respect of such Equity Bonus Payment Date the Equity Bonus Condition is fulfilled, and accordingly enable the Issuer to meet its payment obligations in respect of such Equity Bonus Payment under such Tranche or Tranches of Notes.

The following is a summary of the respective obligations of the Issuer and the Equity Option Counterparty under the Equity Option Agreement:

(a) the Issuer will on the Issue Date pay or procure to be paid to the Equity Option Counterparty the Series 7 Tranche A Equity Option Premium in respect of the equity option transaction in connection with Series 7 Tranche A Notes and the Series 7 Tranche B Equity Option Premium in respect of the equity option transaction in connection with the Series 7 Tranche B Notes; and

(b) if in relation to an Equity Bonus Payment Date the Equity Bonus Condition is fulfilled, the Equity Option Counterparty will pay the Issuer an amount equal to any Equity Bonus Payment payable by the Issuer on the Series 7 Tranche A Notes and/or the Series 7 Tranche B Notes, as the case may be, to enable the Issuer to meet its payment obligations in respect of such Equity Bonus Payment under such Tranche or Tranches of Notes.

The obligations of the Equity Option Counterparty will be guaranteed by the Swap Guarantor. However, prospective investors are advised that the Notes will not be obligations of, and will not be guaranteed by, the Equity Option Counterparty or the Swap Guarantor.

Termination of Equity Option Agreement

If Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) exercises the Morgan Stanley Exchange Option, a pro-rata amount of the Equity Option Agreement corresponding to that proportion of such Series of Notes to be exchanged will be terminated without any termination payment being due from the Issuer or the Equity Option Counterparty.

Upon an early termination of the Equity Option Agreement (in whole or in part) (other than as a result of the exercise by the Swap Counterparty of the Swap Counterparty Option in respect of the Series 7 Notes or a Tranche of such Series, or the related exercise by the Issuer of the Issuer Call Option in respect of the Series 7 Notes or a Tranche of such Series, or the exercise by Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) of the Morgan Stanley Exchange Option in respect of the Series 7 Notes or a

Tranche of such Series or as a result of an Extraordinary Event), and if the Equity Option Agreement (or the relevant part, as applicable) is not replaced on or prior to such termination, a Mandatory Redemption Event will occur and the Notes will be subject to early redemption. Furthermore, upon an early termination (in whole or in part) of the Equity Option Agreement (other than as a result of the exercise by the Swap Counterparty of the Swap Counterparty Option in respect of the Series 7 Notes or a Tranche of such Series, or the related exercise by the Issuer of the Issuer Call Option in respect of the Series 7 Notes or a Tranche of such Series or the exercise by Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) of the Morgan Stanley Exchange Option in respect of the Series 7 Notes or as a result of an Extraordinary Event, or such other circumstances as set out in such Equity Option Agreement), the Issuer or the Equity Option Counterparty may be liable to make a termination payment (determined in accordance with the Equity Option Agreement and as described below) to the other (regardless, if applicable, of which of such parties may have caused such termination). There is no assurance that the proceeds from the sale of the Underlying Securities plus (if such payment is owed to the Issuer) or minus (if such payment is owed by the Issuer) such termination payment and taking into account any termination payments under the Swap Agreement and/or the Forward Agreement in respect of the Series 7 Notes will be sufficient to pay the principal amount and/or interest due to be paid in respect of the Series 7 Notes. The claims of the Equity Option Counterparty against the Issuer under the Equity Option Agreement shall rank prior to the claims of the Noteholders under the Notes in the application of all monies received in connection with the realisation or enforcement of the security in respect of the Notes.

The termination payment following an early termination of an Equity Option Agreement (in whole or in part) as described in the paragraph above will be calculated and made in US dollars or such other currency as may be specified in such Equity Option Agreement. The amount of any such termination payment will reflect the total losses or gains, and costs incurred, in the termination of such Equity Option Agreement and the termination payment would typically (but not necessarily) take into account the market value of the terminated Equity Option Agreement based on market quotations of the cost of entering into an equity option transaction with terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties. Any such termination payment could, depending on fluctuations in the price of the Shares of the Basket Companies, exchange rates and/or the interest rate environment, be substantial.

Security Arrangements for the Series 7 Notes

The security arrangements for the Series 7 Notes are described in the Section “Information on the Security Arrangements for Notes” of Part 1 of the Base Prospectus and the paragraph “Security in respect of the First-to-Default Notes” in the Annex for First-to-Default Note Type to the Base Prospectus, save that references to the “Forward Agreement” and “Forward Counterparty” therein shall be deemed to also refer to the “Equity Option Agreement” and “Equity Option Counterparty” respectively. For the avoidance of doubt, the Equity Option Counterparty shall also be a “Secured Creditor” as described in the Base Prospectus.

Procedure for redemption of the Series 7 Notes following a Credit Event

The procedure for redemption of the Series 7 Notes following a Credit Event is set out in the paragraph headed “Procedure for redemption of the Notes following a Credit Event” in the Annex for First-to-Default Note Type of the Base Prospectus, save that with respect to the Series 7 Notes, any reference to “Interest Payment Date” shall also include “Equity Bonus Payment Date”, and any reference to interest shall also include any Equity Bonus Payment.

Discretion of the Determination Agent and Calculation Agent

In respect of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes, the Determination Agent, acting for and on behalf of the Issuer, has the sole discretion to determine (amongst other things) whether the Equity Bonus Condition has been fulfilled in respect of an Equity Bonus Payment Date, any adjustments to the terms of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes relating to the Equity Bonus Payment following a Potential Adjustment Event or Extraordinary Event and whether the Equity Bonus Payment shall cease to be payable following an Extraordinary Event.

Procedure for Redemption of the Series 7 Notes following Mandatory Redemption Events and Events of Default

The procedure for redemption of the Series 7 Notes following Mandatory Redemption Events and Events of Default is set out in the paragraph headed “Procedure for Redemption of the Notes following Mandatory Redemption

Events and Events of Defaults” in the Annex for First-to-Default Note Type of the Base Prospectus, save that references to the “Forward Agreement” and “Forward Counterparty” therein shall be deemed to also refer to the “Equity Option Agreement” and “Equity Option Counterparty” respectively.

Issuer Call Options

The procedure for the redemption of Notes of a Series following the exercise of an Issuer Call Option is set out in the paragraph headed “Issuer Call Option and Swap Counterparty Option” in the Annex for First-to-Default Note Type of the Base Prospectus. If an Issuer Call Option is exercised in respect of the Series 7 Tranche A Notes or the Series 7 Tranche B Notes on an Interest Payment Date which is also an Equity Bonus Payment Date, an Equity Bonus Payment may be payable in respect of such Tranche of Notes if the Equity Bonus Condition is fulfilled. If an Issuer Call Option is exercised in respect of the Series 7 Tranche A Notes or the Series 7 Tranche B Notes on an Interest Payment Date which is not also an Equity Bonus Payment Date, no Equity Bonus Payment is due or payable in respect of such Tranche of Notes on such Interest Payment Date. No Equity Bonus Payment will be payable on the Series 7 Tranche A Notes or the Series 7 Tranche B Notes after the Interest Payment Date on which the Issuer Call Option is exercised.

INFORMATION ABOUT THE REFERENCE ENTITIES

The Notes are linked to the creditworthiness of the Reference Entities set out below. The Issuer does not have any special access to information in relation to the Reference Entities and prospective investors must rely on publicly available information on the business, financial condition, prospects, creditworthiness, status or affairs of the Reference Entities in deciding whether to make an investment in the Notes.

Neither the Issuer nor the Arranger has conducted or will be conducting independent investigations on the Reference Entities in respect of (i) any legal or regulatory provisions which may materially affect the performance of the Reference Entities, (ii) any significant representations and warranties made concerning the Reference Entities, (iii) any material cross-default provisions relating to the Reference Entities, (iv) the nature and extent of the Reference Entities' exposure to any other entity and (v) the material terms or agreements involving the Reference Entities. Neither the Issuer nor the Arranger makes any representations as to the Reference Entities. Investors should make their own investigations and analysis of the Reference Entities.

Certain limited information on the Reference Entities is also provided in the section headed "Information about the Basket Companies and the Shares"³. The Issuer and the Arranger have taken care to accurately extract such information in the proper form and context but neither the Issuer nor the Arranger are responsible for such information. Further information, such as operations and financial condition, about each corporate Reference Entity can be found on the websites listed in the table below. The information on these websites is not part of this Pricing Statement and neither the Issuer nor the Arranger accept any responsibility for such information, including whether that information is accurate, complete or up-to-date.

| <u>Reference Entity</u> | <u>Entity Type</u> | <u>Website</u> | <u>Name and Website of Principal Listing Exchange</u> |
|---|--|--|---|
| Bank of America Corporation | North American Corporate Investment Grade Reference Entity | www.bankofamerica.com | New York Stock Exchange www.nyse.com |
| Citigroup Inc. | North American Corporate Investment Grade Reference Entity | www.citigroup.com | New York Stock Exchange www.nyse.com |
| DBS Bank Ltd. | Singapore Corporate Reference Entity | www.dbs.com | Singapore Exchange Securities Trading Ltd. ⁴ www.sgx.com |
| United Overseas Bank Ltd | Singapore Corporate Reference Entity | www.uob.com | Singapore Exchange Securities Trading Ltd. www.sgx.com |
| Singapore Telecommunications Limited | Singapore Corporate Reference Entity | www.singtel.com | Singapore Exchange Securities Trading Ltd. www.sgx.com |
| Oversea-Chinese Banking Corporation Limited | Singapore Corporate Reference Entity | www.ocbc.com | Singapore Exchange Securities Trading Ltd. www.sgx.com |

³ Please note that the Reference Entities and the Basket Companies may be comprised of different legal entities.

⁴ DBS Bank Ltd. is not listed. DBS Group Holdings Ltd., its parent company, is listed on Singapore Exchange Securities Trading Ltd.

The Reference Obligation in respect of each Reference Entity is set out in the table below. As at 14 May 2007, each of the relevant credit ratings of the relevant Reference Obligations of the Reference Entities are set out below.

| <u>Reference Entity</u> | <u>Details of Reference Obligation</u> | |
|--------------------------------------|--|--------------------------------------|
| Bank of America Corporation | Primary Obligor: | Bank of America Corporation |
| | Ranking: | Senior* |
| | Issue Date: | 22 April 2002 |
| | Maturity Date: | 15 April 2012 |
| | Coupon: | 6.25% per annum |
| | Currency: | US\$ |
| | ISIN: | US060505AQ79 |
| | Moody's /S&P/Fitch Credit Ratings: | Aa1/AA/AA** |
| Citigroup Inc. | Primary Obligor: | Citigroup Inc. |
| | Ranking: | Subordinated* |
| | Issue Date: | 11 October 2000 |
| | Maturity Date: | 1 October 2010 |
| | Coupon: | 7.25% per annum |
| | Currency: | US\$ |
| | ISIN: | US172967AZ49 |
| | Moody's /S&P/Fitch Credit Ratings: | Aa2/AA-/AA** |
| DBS Bank Ltd. | Primary Obligor: | DBS Bank Ltd. |
| | Ranking: | Subordinated* |
| | Issue Date: | 17 May 2001 |
| | Maturity Date: | 15 May 2011 |
| | Coupon: | 7.125% per annum |
| | Currency: | US\$ |
| | ISIN: | USY20337AJ30 |
| | Moody's /S&P/Fitch Credit Ratings: | Aa2/A/A+ |
| United Overseas Bank Ltd | Primary Obligor: | United Overseas Bank Ltd |
| | Ranking: | Subordinated* |
| | Issue Date: | 30 August 2001 |
| | Maturity Date: | 30 September 2016 |
| | Coupon: | 4.95% per annum |
| | Currency: | S\$ |
| | ISIN: | SG5310894778 |
| | Moody's /S&P/Fitch Credit Ratings: | Aa2/A-/None |
| Singapore Telecommunications Limited | Primary Obligor: | Singapore Telecommunications Limited |
| | Ranking: | Senior* |
| | Issue Date: | 20 November 2001 |
| | Maturity Date: | 1 December 2011 |
| | Coupon: | 6.375% per annum |
| | Currency: | US\$ |
| | ISIN: | USY79985AC46 |
| | Moody's /S&P/Fitch Credit Ratings: | Aa2/A+/A |

| <u>Reference Entity</u> | <u>Details of Reference Obligation</u> | |
|---|--|---|
| Oversea-Chinese Banking Corporation Limited | Primary Obligor: | Oversea-Chinese Banking Corporation Limited |
| | Ranking: | Subordinated* |
| | Issue Date: | 6 July 2001 |
| | Maturity Date: | 6 September 2011 |
| | Coupon: | 7.75% per annum |
| | Currency: | US\$ |
| | ISIN: | XS0132030759 |
| | Moody's /S&P/Fitch Credit Ratings: | Aa2/None/A+ |

* A Credit Event may be triggered on this Reference Obligation or any other Obligation ranking *pari passu* or above it.

** Please note that a Credit Event may be triggered on any Obligation of the Reference Entity in addition to the Reference Obligation, including an Obligation that may have a lower credit rating.

None of Moody's, S&P and/or Fitch has specifically consented to the inclusion of the information set out above for the purposes of Section 249 of the SFA and none of them is therefore liable for the information set out above under Sections 253 and 254 of the SFA. The information set out above is subject to any disclaimers of Moody's, S&P and/or Fitch, as the case may be, applicable from time to time as set out in their respective websites. Neither the Issuer nor the Arranger makes any representation as to the accuracy or reliability of the information, save that the Issuer and the Arranger have taken reasonable care to correctly extract and/or reproduce such information in its proper form and context. More information on credit ratings can be found at the websites of Fitch at www.fitchratings.com, S&P at www.standardandpoors.com and Moody's at www.moody's.com.

None of the Issuer, its directors, the Arranger, the Market Agent or the Trustee gives any representation as to the accuracy or reliability of the credit ratings, save that the Issuer and its directors have taken reasonable care to correctly extract and/or reproduce such information from the relevant source of publicly available information.

As at 4 May 2007, none of the ratings of the Reference Obligations is subject to negative "CreditWatch" by S&P, or subject to review for possible downgrade on Moody's "Watchlist" or subject to Fitch "Rating Watch" Negative. Please see Appendix A for guidelines issued by S&P, Moody's and Fitch on what each of their ratings, "CreditWatch", "Watchlists" and "Rating Watch" means.

In this Pricing Statement, "**S&P**" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.; "**Moody's**" means Moody's Investors Service, Inc.; and "**Fitch**" means Fitch Ratings Ltd.

There can be no assurance that any stated credit rating will remain in effect for any given period or that any such rating will not be revised by the relevant rating agency in the future if, in the relevant credit rating agency's judgement, circumstances so warrant. A downward revision of a credit rating does not of itself constitute a Credit Event.

Up-to-date information on a Reference Entity's Reference Obligation ratings can be obtained from S&P (please see www.standardandpoors.com for up-to-date contact details), from Moody's (please see www.moody's.com for up-to-date contact details) and from Fitch (please see www.fitchratings.com for up-to-date contact details).

The Reference Obligations set out above provide a benchmark in that the Valuation Obligations in respect of any Reference Entity will not, in the insolvency of that Reference Entity (other than by operation of law), rank for payment after the Reference Obligation of that Reference Entity (i.e. will not be Subordinated to that Reference Obligation (see the Master Conditions in Applicable Annex)). See the definition of "Reference Obligation" in the Master Conditions for information on substitute Reference Obligations.

In the event that a Reference Obligation is redeemed in full or otherwise ceases to be an Obligation (as defined in the Master Conditions) of a Reference Entity, the Determination Agent acting for and on behalf of the Issuer will identify one or more Obligations which preserve the economic equivalent of the delivery and payment obligations of the Issuer to be a substitute Reference Obligation. In practice, the substitute Reference Obligation will be the same as that selected by the calculation agent under the relevant Swap Agreement. The substitute Reference Obligation will be an equivalent Obligation of such Reference Entity. The identity of such substitute Reference Obligation will not be known to prospective investors when they commit to purchase the relevant Series or Tranche of Notes.

Under the terms of the Notes, a Reference Entity may in limited circumstances be replaced with another entity — its successor — which will then become for all purposes a Reference Entity. The circumstances in which this could happen relate to mergers, demergers, spin-offs and similar corporate reorganisations. Further information can be found under “The Reference Entities” in the section headed “Description of First-to-Default Note Type” in the Applicable Annex.

None of the Reference Entities listed above are affiliates of the Issuer.

References to websites

All references to websites in this Pricing Statement are intended to assist prospective investors to access further public information relating to the subject matter indicated. Prospective investors should conduct their own web searches to ensure that they are viewing the most up-to-date information. Information appearing on such websites does not form any part of the Prospectus. None of the Issuer, the Arranger, the Trustee, the Swap Counterparty, the Forward Counterparty, the Equity Option Counterparty, the Market Agent or the Determination Agent accept any responsibility whatsoever that such information, if available, is accurate and/or up-to-date, and no responsibility is accepted in relation to any such information by any person responsible for the Prospectus.

The offer of the Notes by the Issuer is made solely on the basis of the information contained in the Prospectus and prospective investors should exercise an appropriate degree of caution when assessing the value of other information which may appear on such websites.

INFORMATION ABOUT THE BASKET COMPANIES AND THE SHARES

Prospective investors must have sufficient knowledge, experience and professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Notes. Prospective investors must not rely on the Issuer, the Arranger, the Trustee, the Swap Counterparty, the Forward Counterparty, the Equity Option Counterparty or the Determination Agent or any of their Affiliates to provide them with any information relating to, or to keep under review on their behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of any of the Basket Companies or conduct any investigation or due diligence with respect to any of the Basket Companies.

In respect of the information set out below none of the Issuer, the Arranger, the Trustee, the Swap Counterparty, the Forward Counterparty, the Equity Option Counterparty nor the Determination Agent will keep the Noteholders and/or investors informed of developments relating to any of the Basket Companies or the Shares thereof, although the Determination Agent will inform the Distributors (who will then inform the Noteholders of the Series 7 Notes) if a Potential Adjustment Event or an Extraordinary Event occurs (please see Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement).

The following are the “**Basket Companies**”, the Bloomberg Ticker of such Basket Companies and the “**Relevant Stock Exchange**” in respect of the ordinary shares (the “**Shares**”) of such Basket Companies in connection with Equity Bonus Payment applying to the Series 7 Tranche A Notes and the Series 7 Tranche B Notes:

| <u>Basket Company</u> | <u>Bloomberg Ticker</u> | <u>Relevant Stock Exchange</u> |
|---|-------------------------|--|
| Bank of America Corporation | BAC US | New York Stock Exchange |
| Citigroup Inc. | C US | New York Stock Exchange |
| DBS Group Holdings Ltd. | DBS SP | Singapore Exchange Securities Trading Ltd. |
| United Overseas Bank Ltd | UOB SP | Singapore Exchange Securities Trading Ltd. |
| Singapore Telecommunications Limited | ST SP | Singapore Exchange Securities Trading Ltd. |
| Oversea-Chinese Banking Corporation Limited | OCBC SP | Singapore Exchange Securities Trading Ltd. |

The references to “**Basket Company**” and “**Relevant Stock Exchange**” include any entity replacing an original Basket Company or such replacement entity or any replacement exchange, respectively, pursuant to any adjustment made by the Determination Agent, acting for and on behalf of the Issuer, following any Potential Adjustment Event or Extraordinary Event (please see Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement).

The Basket Companies and the Reference Entities may be comprised of different legal entities.

The Equity Bonus Payment does not apply to the Series 6 Notes and accordingly the terms “Basket Company” and “Relevant Stock Exchange” do not apply to the Series 6 Notes.

The profiles of the Basket Companies and historical performance of the Shares of each Basket Company are set out below. The profile of the Basket Companies and historical performance of the Shares of each Basket Company has been included to give a description of the past performance of such Shares and is not an indication of future performance. An investor’s return on the Series 7 Tranche A Notes and the Series 7 Tranche B Notes depends in part on the performance of the price of the Shares. Whether the holders of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes receive the Equity Bonus Payment in respect of the relevant Tranche of Notes on an Equity Bonus Payment Date will be determined by reference to the Closing Price of the Shares of the Basket Companies on each of the three Observation Dates immediately preceding such Equity Bonus Payment Date (see the section headed “Information on the Notes - Equity Bonus Coupon” in this Pricing Statement). The price of the Shares of each Basket Company as at 14 May 2007 has been included in this Pricing Statement for information purposes only. These prices should not be confused with the Target Price of the relevant Shares to be determined on the Target Price Fixing Date (see the section headed “Information about the Notes - Equity Bonus Coupon” in this Pricing Statement).

Prospective investors should note that the price performance of the Shares of a Basket Company in any future period may not mirror their past performance.

No undertaking is given by the Issuer, the Arranger, the Trustee, the Swap Counterparty, the Forward Counterparty, the Equity Option Counterparty or the Determination Agent or any of their Affiliates to inform Noteholders and/or investors of any matters and/or relay any information it may possess or have access to relating to the Basket Companies or the Shares thereof, although the Determination Agent, acting for and on behalf of the Issuer, will inform the Distributors (who will then inform the Noteholders of the Series 7 Notes) if a Potential Adjustment Event or an Extraordinary Event occurs (see Condition 6(n) (Equity Bonus Payment) set out in Annex 1 of Appendix C of this Pricing Statement). This will be the case irrespective of whether or not such matters and/or information may affect or impact upon the price of the Shares.

The historical performance of the Shares has been provided for information purposes only and has been extracted from information published by Bloomberg L.P. on 14 May 2007 that is publicly available. Bloomberg L.P. has not specifically consented to the inclusion of the information set out in this section for the purposes of Section 249 of the SFA and is therefore not liable for the information set out in this section under Sections 253 and 254 of the SFA. The information set out in this section is subject to any disclaimers of Bloomberg L.P. applicable from time to time as set out at its website, <http://www.bloomberg.com>. None of the Issuer and its directors, the Arranger, the Trustee, the Swap Counterparty, the Forward Counterparty, the Equity Option Counterparty or the Determination Agent or any of their Affiliates assumes any responsibility for the accuracy of such information or its suitability to prospective investors.

Name of Basket Company

Profile of the Basket Company

Bank of America Corporation

Bank of America Corporation is a bank holding company and a financial holding company. The company provides a diversified range of banking and non-banking financial services and products both domestically and internationally. The company provides consumer and commercial banking, asset management, global corporate and investment banking, and equity investments. As at 14 May 2007, the market capitalization of Bank of America Corporation was approximately USD225.4 billion.

Historical Performance of the Shares



Closing price of the Shares of the Basket Company as of 14 May 2007: USD50.78.

(Source: Bloomberg L.P.)

Information in relation to Bank of America Corporation Limited and its operations and financial condition can be viewed on the website operated by it, which can be accessed as follows:

www.bankofamerica.com

Please refer to the paragraph headed “References to websites” in the section headed “Information about the Reference Entities” in this Pricing Statement for a warning statement and a disclaimer relating to the usage of information contained in the website referred to above.

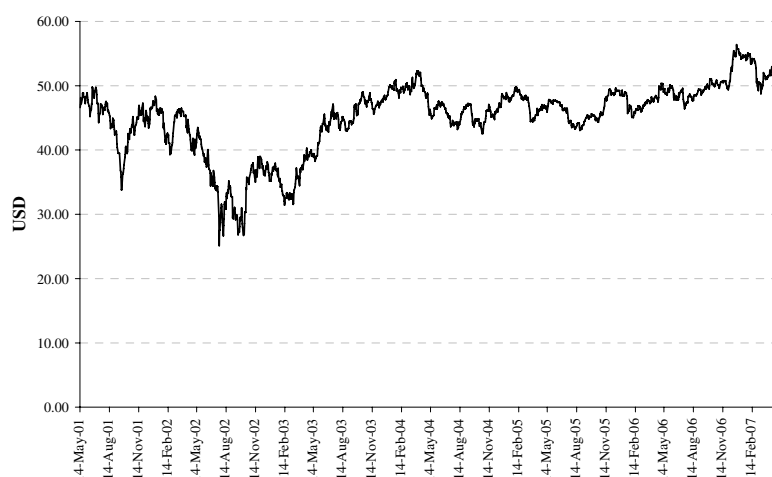
Name of Basket Company

Citigroup Inc.

Profile of the Basket Company

Citigroup Inc. is a diversified financial services holding company that provides a broad range of financial services to consumer and corporate customers around the world. The company's services include investment banking, retail brokerage, corporate banking, and cash management products and services. As at 14 May 2007, the market capitalization of Citigroup Inc. was approximately USD261.5 billion.

Historical Performance of the Shares



Closing price of the Shares of the Basket Company as of 14 May 2007: USD52.86.

(Source: Bloomberg L.P.)

Information in relation to Citigroup Inc. and its operations and financial condition can be viewed on the website operated by it, which can be accessed as follows:

www.citigroup.com

Please refer to the paragraph headed “References to websites” in the section headed “Information about the Reference Entities” in this Pricing Statement for a warning statement and a disclaimer relating to the usage of information contained in the website referred to above.

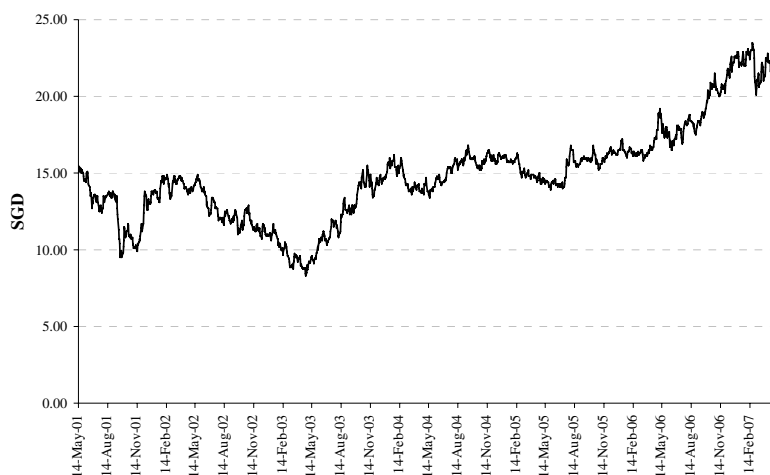
Name of Basket Company

DBS Group Holdings Ltd.

Profile of the Basket Company

DBS Group Holdings Ltd. and its subsidiaries provide a variety of financial services. The company's services include mortgage financing, lease and hire purchasing financing, nominee and trustee, funds management, corporate advisory and stockbroking. DBS Group Holdings Ltd. also acts as the primary dealer in Singapore government securities. As at 14 May 2007, the market capitalization of DBS Group Holdings Ltd. was approximately SGD35.9 billion.

Historical Performance of the Shares



Closing price of the Shares of the Basket Company as of 14 May 2007: SGD23.70.

(Source: Bloomberg L.P.)

Information in relation to DBS Group Holdings Ltd. and its operations and financial condition can be viewed on the website operated by it, which can be accessed as follows:

www.dbs.com

Please refer to the paragraph headed “References to websites” in the section headed “Information about the Reference Entities” in this Pricing Statement for a warning statement and a disclaimer relating to the usage of information contained in the website referred to above.

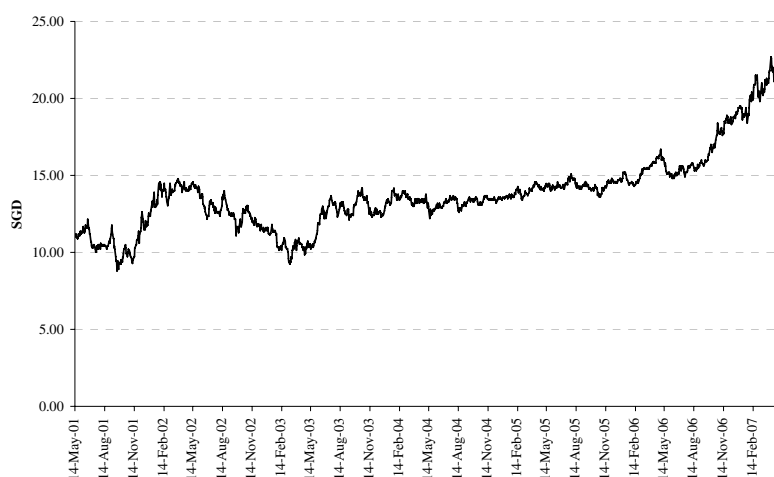
Name of Basket Company

United Overseas Bank Ltd

Profile of the Basket Company

United Overseas Bank Ltd offers a full range of commercial banking and financial services. The bank offers private banking, trust services, venture capital investment, merchant banking, stockbroking, insurance, fund management, derivatives trading, precious metal trading, factoring, hire purchase, and life insurance. As at 14 May 2007, the market capitalization of United Overseas Bank Ltd was approximately SGD35.0 billion.

Historical Performance of the Shares



Closing price of the Shares of the Basket Company as of 14 May 2007: SGD23.00.

(Source: Bloomberg L.P.)

Information in relation to United Overseas Bank Ltd and its operations and financial condition can be viewed on the website operated by it, which can be accessed as follows:

www.uobgroup.com

Please refer to the paragraph headed “References to websites” in the section headed “Information about the Reference Entities” in this Pricing Statement for a warning statement and a disclaimer relating to the usage of information contained in the website referred to above.

Name of Basket Company

Singapore
Telecommunications Limited

Profile of the Basket Company

Singapore Telecommunications Limited operates and provides telecommunications systems and services. The company provides postal services, directory advertising and publishing. Singapore Telecommunications Limited sells and maintains telecommunications equipment and provides mobile phone and paging services, computer network, and internet and information technology services. As at 14 May 2007, the market capitalization of Singapore Telecommunications Limited was approximately SGD54.1 billion.

Historical Performance of the Shares



Closing price of the Shares of the Basket Company as of 14 May 2007: SGD3.40.

(Source: Bloomberg L.P.)

Information in relation to Singapore Telecommunications Limited and its operations and financial condition can be viewed on the website operated by it, which can be accessed as follows:

www.singtel.com

Please refer to the paragraph headed “References to websites” in the section headed “Information about the Reference Entities” in this Pricing Statement for a warning statement and a disclaimer relating to the usage of information contained in the website referred to above.

Name of Basket Company

Oversea-Chinese Banking Corporation Limited

Profile of the Basket Company

Oversea-Chinese Banking Corporation Limited provides a variety of financial services. The company offers banking and finance, investment, corporate finance, stockbroking, futures broking, asset management, venture capital, nominee and trustee services. Oversea-Chinese Banking Corporation Limited also develops and manages real estate. As at 14 May 2007, the market capitalization of Oversea-Chinese Banking Corporation Limited was approximately SGD29.5 billion.

Historical Performance of the Shares



Closing price of the Shares of the Basket Company as of 14 May 2007: SGD9.45.

(Source: Bloomberg L.P.)

Information in relation to Oversea-Chinese Banking Corporation Limited and its operations and financial condition can be viewed on the website operated by it, which can be accessed as follows:

www.ocbc.com

Please refer to the paragraph headed “References to websites” in the section headed “Information about the Reference Entities” in this Pricing Statement for a warning statement and a disclaimer relating to the usage of information contained in the website referred to above.

INFORMATION ABOUT THE ORIGINAL UNDERLYING ASSETS

The following is a summary description of the Underlying Assets in respect of each Series of Notes. Please also refer to the section headed “Information on the Underlying Assets” and the section headed “Risk Factors” in Part 1 of the Base Prospectus.

Unless specified otherwise, the definitions in this section apply to each Series of Notes separately, and all references to “Underlying Assets”, “Original Underlying Assets” and “Eligible Investments” are to the Underlying Assets, Original Underlying Assets or Eligible Investments in respect of the Series 6 Notes or the Series 7 Notes, as the case may be.

Original Underlying Assets

On or about the Issue Date, the Issuer will, in consultation with the Determination Agent, invest the entire proceeds of issuance of a Series of Notes in Original Underlying Assets, which will consist of Synthetic CDO Securities which satisfy the following criteria as of the date of investment therein by the Issuer:

- (a) denominated in USD;
- (b) is rated at least AA or Aa2 by at least one of S&P, Moody’s and/or Fitch
- (c) is not subject to negative “CreditWatch” by S&P, is not subject to review for possible downgrade on Moody’s “Watchlist” and is not subject to Fitch “Rating Watch” Negative;
- (d) is acceptable to the Swap Counterparty as a funding source for the obligations of the Issuer under the Swap Agreement in respect of such Series of Notes; and
- (e) has a maximum maturity which falls on or prior to the Scheduled Maturity Date of such Series of Notes,

provided that if the Issuer, in consultation with the Determination Agent, determines that such Synthetic CDO Securities are not available for investment by it on or about the Issue Date, then the Original Underlying Assets shall consist of:

- (1) Cash Deposits; and/or
- (2) Liquidity Funds which satisfy the criteria set out in “Eligible Investments” below as of the date of investment therein by the Issuer; and/or
- (3) Certificates of Deposit which satisfy the criteria set out in “Eligible Investments” below as of the date of investment therein by the Issuer.

Details on the Original Underlying Assets in which the Issuer has so invested in respect of a Series of Notes will not be available at the time investors decide to purchase such Series of the Notes. However, as soon as practicable after the Issue Date in respect of such Series of Notes, details (including the issuer(s) and rating(s)) of the Original Underlying Assets (or the rating(s) of the issuer(s) or obligor(s) thereof) will be made available for inspection in accordance with the paragraph headed “Display Documents” in the section headed “Additional Information About the Offering” from the Issue Date. See also the paragraph headed “Discretion of the Issuer to invest in the Underlying Assets” in the section headed “Risk Factors” in Part 1 of the Base Prospectus.

Where the Original Underlying Assets in respect of a Series of Notes consist of Cash Deposits, Certificates of Deposit and/or Liquidity Funds, the Issuer will, at any time during the tenure of such Series of Notes at which it determines (in consultation with the Determination Agent) that Synthetic CDO Securities satisfying the criteria above are available for investment by the Issuer, (i) in the case of Liquidity Funds or Certificates of Deposit, sell such Liquidity Funds or Certificates of Deposit (provided the amount at which such Liquidity Funds or Certificates of Deposit are sold is at or above their outstanding principal amount) and (ii) reinvest such Cash Deposits and/or the proceeds of such sale in Synthetic CDO Securities which satisfy the criteria set out above. Such Synthetic CDO Securities will then form part of the Underlying Assets in respect of such Series of Notes.

Eligible Investments

Other than Cash Deposits, for which no additional criteria will apply, Eligible Investments (or the issuer(s) or obligor(s) thereof) in respect of a Series of Notes must satisfy the following criteria on the date of investment therein:

(a) any USD denominated securities, including Asset-Backed Securities and Credit Commodity Linked Securities, rated (or issued by an entity rated) at least “Aaa” or “P-1” by Moody’s or any successor to the rating business thereof or at least “AAA” or “A-1” by S&P or any successor to the rating business thereof or at least “AAA” or “F1” by Fitch or any successor to the rating business thereof that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of such Series of Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or

(b) any USD denominated Medium Term Notes, CDO Squared Securities or Synthetic CDO Securities rated at least “Aa2/P-1” by Moody’s or at least “AA/A-1” by S&P or at least “AA/F1” by Fitch that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of such Series of Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or

(c) any USD denominated Commercial Paper or Certificate of Deposit rated at least “P-1” by Moody’s and/or at least “A-1” by S&P and/or at least “F1” by Fitch or issued by an entity rated at least “P-1” by Moody’s and/or at least “A-1” by S&P and/or at least “F1” by Fitch, that has a scheduled maturity date falling on or prior to the Scheduled Maturity Date of such Series of Notes and which is not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or

(d) any USD denominated Liquidity Fund, including, without limitation, any investment vehicle for which the Arranger, the Determination Agent, the Custodian or the Trustee, or an Affiliate of any of them, provides services, provided that at the time such investment is entered into, such fund has a money market fund rating of at least “Aaa/MR1+” by Moody’s and/or at least “AAAm” by S&P and/or at least AAA/V1+ by Fitch, and that such fund distributes interest or dividends on such investment on a regular basis and at least quarterly.

Investors should note that the Underlying Assets’ credit rating(s) (or the rating(s) of the issuer(s) or obligor(s) thereof) in respect of any Series of Notes may change after the date of acquisition thereof.

Please refer to the section headed “Information on the Underlying Assets” in Part 1 of the Base Prospectus for further details relating to the Underlying Assets.

APPLICATION PROCEDURES

These are general terms and conditions for application of the Notes. Please check with your Distributors for specific terms, conditions and procedures for such application as certain of these terms, conditions and procedures are subject to separate agreement with the Distributors.

Where you are relying on your Distributor to hold the Notes on your behalf in CDP, please note that additional fees may be payable. Please speak to your Distributor for more details.

General information on application procedure

Applications are invited for the subscription of the Notes at the Issue Price of USD5,000 for each Series 6 Tranche A Note and Series 7 Tranche A Note, and SGD5,000 for each Series 6 Tranche B Note and Series 7 Tranche B Note, subject to the following terms and conditions:

1. YOUR APPLICATION MUST BE MADE IN DENOMINATIONS OF USD5,000 FOR EACH SERIES 6 TRANCHE A NOTE AND SERIES 7 TRANCHE A NOTE, OR SGD5,000 FOR EACH SERIES 6 TRANCHE B NOTE AND SERIES 7 TRANCHE B NOTE, OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF NOTES WILL BE REJECTED.

2. Your application for the Notes must be made by way of the printed WHITE “Notes Application Form” and must be accompanied by a duly completed and signed certificate of non-U.S. citizenship and residency (which can be obtained from the Distributor).

3. **You (being a person other than an approved nominee company (as defined in paragraph 6 below)) are allowed to submit application(s) in your own name for a single application for a Series of Notes.**

A person, other than an approved nominee company, who is submitting an application for a Series of Notes in his own name should not submit any other applications for such Series of Notes for any other person. Such separate applications shall be deemed to be multiple applications and shall be rejected.

Multiple applications for a Series of Notes will be rejected. Persons submitting or procuring submissions of multiple applications for a Series of Notes may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, (other than as provided herein) will be liable to be rejected at the discretion of the Issuer.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies and applicants whose addresses (furnished in their Notes Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under a securities account with CDP in the deceased’s name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of a Notes Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 7 below.

6. WE WILL ONLY ACCEPT NOMINEE APPLICATIONS FROM APPROVED NOMINEE COMPANIES. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

7. IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A DIRECT SECURITIES ACCOUNT WITH CDP OR A SECURITIES SUB-ACCOUNT WITH A DEPOSITORY AGENT AT THE TIME OF YOUR APPLICATION. If you have an existing securities account with CDP but fail to provide your CDP securities account number or provide an incorrect CDP securities account number in section B of the Notes Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number or company registration number, nationality, permanent residence status and CDP securities account number

provided in your Notes Application Form differ from those particulars in your securities account as maintained by CDP. If you are applying through more than one direct securities account with CDP, your application is liable to be rejected.

8. If your address as stated in the Notes Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation, sent by your Distributor on behalf of the Issuer, will be sent to your address last registered with CDP.

9. You may apply for the Notes using only cash. **You cannot use SRS account moneys or CPF Investible Savings to apply for the Notes.** Each application must be accompanied by a direct debit authorisation to your Distributor in respect of the number of Notes applied for in favour of your Distributor or your Distributor will require you to maintain a balance until the Issue Date or you will be required to deposit funds, which will be held on your behalf by the Distributor, into a designated account, in each case equal to the principal amount of Notes for which you have applied, which upon successful allocation, will be debited by your Distributor in an amount equal to the Notes allocated to you or you will have to comply with such other method of payment stipulated by your Distributor. Applications not accompanied by these forms of payment will not be accepted. No acknowledgement of receipt will be issued for such applications and payments.

10. The refund procedures and mechanism are ultimately dependent on your agreement with your Distributor. Generally, where your application is accepted in part only and where excess moneys have been received, the balance of the application moneys, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Business Days after the Fixing Date, provided that the moneys have been received by the Distributor in the designated account.

11. The Base Prospectus and this Pricing Statement and their accompanying documents (including the Notes Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of the Base Prospectus and this Pricing Statement and their accompanying documents (including the Notes Application Forms) and the offering or sale of the Notes may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

The Notes have not been and will not be registered under the US Securities Act 1933, as amended (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). The Notes are being offered outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S. **The Issuer reserves the right to reject any application for Notes where the Issuer believes or has reason to believe that such application may violate the securities laws of the United States or any other jurisdiction or any applicable legal or regulatory requirements.**

No person in any jurisdiction outside Singapore receiving the Base Prospectus and this Pricing Statement or their accompanying documents (including the Notes Application Forms) may treat the same as an offer or invitation to subscribe for any Notes.

12. The Issuer reserves the right to reject any application which does not conform strictly to the instructions set out in the Base Prospectus and this Pricing Statement and the Notes Application Form, or with the terms and conditions of this Pricing Statement or, in the case of an application by way of a Notes Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn authorisation.

13. The Issuer reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Base Prospectus and Pricing Statement (including Notes Application Forms), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Issuer, the Distributors, as agents of the Issuer, have been authorised to accept, for and on behalf of the Issuer, such other forms of application as the Distributors may, in consultation with the Issuer and the Arranger, deem appropriate.

14. The Issuer, in consultation with the Arranger, has the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and neither the Issuer nor the Arranger will entertain any enquiry and/or correspondence on its decision. In deciding the basis of allocation, the Issuer will give due consideration to the desirability of allocating the Notes to a reasonable number of applicants with a view to establishing an adequate market for the Notes.

15. No definitive Notes will be issued to successful applicants. You irrevocably authorise CDP, if required, to complete and sign on your behalf as transferee any documents required for the issue or transfer of the Notes allocated to you.

The CDP securities account of such successful applicants (whether held directly or through Depository Agents) shall be credited with the principal amount of the Notes subscribed. In this case, it is expected that CDP will send to each successful applicant at his own risk, within ten Business Days after the close of the Issue Date, a statement showing that his CDP securities account has been credited with the principal amount of Notes allocated to him. This will be the only acknowledgement of application moneys received and is not an acknowledgement by the Issuer.

16. You irrevocably authorise CDP and your Distributor (where applicable) to disclose the outcome of your application, including the number of Notes allocated to you pursuant to your application, to the Issuer, the Arranger and any other parties so authorised by CDP, the Issuer and the Arranger.

17. Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Notes by way of a Notes Application Form.

18. By completing and delivering a Notes Application Form in accordance with the provisions herein, you:

(a) irrevocably offer, agree and undertake to subscribe for the amount of Notes specified in your application (or such smaller number for which the application is accepted) at the Issue Price of USD5,000 for each Series 6 Tranche A Note and Series 7 Tranche A Note, and SGD5,000 for each Series 6 Tranche B Note and Series 7 Tranche B Note, agree that you will accept such Notes as may be allocated to you, in each case on the terms of, and subject to the conditions set out in the Base Prospectus (including the Applicable Annex) and this Pricing Statement;

(b) agree that you have read through and understand the terms and conditions set out in this “Application Procedures” section;

(c) agree that the aggregate amount for the Notes applied for is due and payable to the Issuer upon application;

(d) agree that you will make payment upon successful allocation of the Notes;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Issuer and the Arranger in determining whether to accept your application and/or whether to allocate any Notes to you;

(f) **agree and warrant that you have completed and successfully discharged the know-your-client requirement imposed by your Distributor;**

(g) agree and warrant that your application will comply with and be fully consistent with all laws and regulations, credit policies, guidelines and restrictions applicable to you;

(h) agree and warrant that you have not relied on the Arranger or any of its affiliates in assessing the merits, risk and suitability of your application;

(i) agree and warrant that you have conducted your own suitability checks and procedures for your application; and

(j) agree and warrant that if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Issuer and the Arranger will infringe any such laws as a result of the acceptance of your application.

19. The Issuer and the Arranger will not hold any application in reserve.

20. The Issuer and the Arranger will not allocate any Notes on the basis of this Pricing Statement later than six months after the date of registration of this Pricing Statement.

21. Additional terms and conditions for applications by way of Notes Application Forms are set out in the section entitled “Additional Terms and Conditions for Application using Printed Application Forms” below.

Additional Terms and Conditions for Application using Printed Application Forms

Applications by way of Notes Application Forms shall be made on and subject to the terms and conditions of the Base Prospectus (including the Applicable Annex) and this Pricing Statement, including but not limited to the terms and conditions appearing below as well as those set out under the earlier section of this “Application Procedures” section.

1. Your application for the Notes must be made using the WHITE Notes Application Form accompanying and forming part of this Pricing Statement and must be accompanied by a duly completed and signed certificate of non-U.S. citizenship and residency (which can be obtained from the Distributor). Without prejudice to the rights of the Issuer, the Distributors, as agents of the Issuer, have been authorised to accept, for and on behalf of the Issuer, such other forms of application, as the Distributors may (in consultation with the Issuer and the Arranger) deem appropriate.

We draw your attention to the detailed instructions contained in the respective Notes Application Forms and this Pricing Statement for the completion of the Notes Application Forms, which must be carefully followed. **The Issuer reserves the right to reject applications which do not conform strictly to the instructions set out in the Notes Application Forms and this Pricing Statement or to the terms and conditions of this Pricing Statement or which are illegible, incomplete, incorrectly completed or (where applicable) which are accompanied by improperly drawn authorisations.**

2. You must complete your Notes Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. You must complete all spaces in your Notes Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” and you must write the words “**NOT APPLICABLE**” or “**N.A.**” in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Notes Application Form under the hand of an official who must state the name and capacity in which he signs the Notes Application Form. If you are a corporation completing the Notes Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. The Issuer reserves the right to require you to produce documentary proof of identification for verification purposes.

5. You (whether an individual or corporate Applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Notes is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

6. Capitalised terms used in the Notes Application Forms and defined in the Base Prospectus and this Pricing Statement shall bear the meanings ascribed to them in the Base Prospectus and this Pricing Statement.

7. By completing and delivering the Notes Application Form, you agree that:

(a) in consideration of the Issuer having distributed the Notes Application Form to you and by completing and delivering the Notes Application Form before the close of the Offer Period or such other time or date as the Issuer may, in consultation with the Arranger, decide:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any moneys returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are not a U.S. person (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the exclusive jurisdiction of the Singapore courts;

(c) in respect of the Notes for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by your Distributor on behalf of the Issuer and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Issuer;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in Part 1 of the Base Prospectus, the Applicable Annex and this Pricing Statement and that none of the Issuer and the Arranger or any other person involved in the offer of the Notes shall have any liability for any information not so contained;

(f) you consent to the disclosure by the relevant Distributor of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP securities account number and application amount to the Issuer, CDP, the Arranger and the Market Agent; and

(g) you irrevocably agree and undertake to subscribe for the number of Notes applied for as stated in the Notes Application Form or any smaller number of such Notes that may be allocated to you in respect of your application. In the event that the Issuer decides to allocate any smaller number of Notes or not to allocate any Notes to you, you agree to accept such decision as final.

Steps for applications for the Notes by way of printed Notes Application Forms

1. Your application for the Notes by way of printed Notes Application Forms **MUST** be made using the **WHITE** Notes Application Forms.

2. You must:

(a) duly complete and sign the Notes Application Form, in accordance with the terms and conditions of this Pricing Statement, and submit the Notes Application Form to your Distributor; and

(b) either fill up a direct debit authorisation in favour of your Distributor in respect of the Notes subscribed for or ensure that you maintain a balance, at least until the Issue Date, equal to the Notes subscribed for in your account with your Distributor or deposit funds, which will be held on your behalf by the Distributor, into a designated account, which upon successful allocation, will be debited by your Distributor in an amount equal to the principal amount of Notes allocated to you or you will have to comply with such other method of payment stipulated by the Distributor.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn authorisation are liable to be rejected.

4. No acknowledgement of receipt will be issued for any application or remittance received.

Cancellation of the issue of any Tranches of Notes

In relation to each Tranche of Notes, the Issuer may determine on the Fixing Date in its absolute discretion after consultation with the Arranger that the Notes of that Tranche should not be issued. Following any such determination, the offering of such Tranche of Notes shall be cancelled. In such event, no Notes of such Tranche shall be issued and

the Arranger shall so notify the Distributors as soon as practicable after the Fixing Date and any subscription monies held in an account with a Distributor shall no longer be held for the purposes of the subscription of Notes of the relevant Tranche and the Distributors shall return such subscription monies paid by the applicants in accordance with “Refund of Application Monies” below.

For the avoidance of doubt, the cancellation of the offering of one Tranche will not affect the offering of other Tranches.

The Distributors shall notify all affected applicants as soon as practicable upon receiving a notice from the Issuer in respect of any non-issuance of any or all Tranche(s) of the Notes.

Refund of Application Monies

If any subscription monies are to be refunded in any of the circumstances described in this Pricing Statement, payment will be made by the Distributors on behalf of the Issuer to the applicants in accordance with the relevant Distributor’s normal operating procedures without interest and at the risk of the applicants within 14 Business Days after the Fixing Date. Such payment will be made in the currency in which the Notes are denominated by bank transfer or by cheque, unless otherwise agreed between the relevant applicant and his Distributor.

Confirmations to be given by investors

By giving application instructions to any Distributor for the purchase of any Notes, prospective investors will be deemed to confirm to the Distributor, the Arranger and the Issuer that, amongst other things, they:

- **understand** that in respect of each of the Series 6 Tranche B Notes and Series 7 Tranche B Notes, the applicable Early Redemption Amount payable to Noteholders of such Tranche of Notes on the occurrence of a Mandatory Redemption Event in respect of such Series or the Credit Event Redemption Amount as adjusted (as more fully described in the paragraph headed “Procedure for the redemption of the Notes following a Credit Event” in the section headed “Summary” of this Pricing Statement) payable to Noteholders of such Tranche of Notes following the giving of notice to such Noteholders of the occurrence of a Credit Event, as the case may be, will be subject to an exchange conversion risk arising from the conversion of such redemption amounts into SGD at the prevailing USD/SGD exchange rate as determined by the Determination Agent, acting for and on behalf of the Issuer;
- **understand** that in respect of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes, whether an Equity Bonus Payment is payable on such Tranche of Notes will be dependent on whether the Equity Bonus Condition is fulfilled in respect of the relevant Equity Bonus Payment Date (which in turn is dependent on the performance of the Shares of the Basket Companies and whether a Cancellation Notice has been given following the occurrence of an Extraordinary Event), as determined in accordance with the terms and conditions of the Notes;
- **understand** there will be a time delay between the Determination Agent’s declaration of a Credit Event and the payment of the Credit Event Redemption Amount. Such payment may occur after the relevant Scheduled Maturity Date;
- **understand** that the Notes will not be principal protected or guaranteed by the Issuer or any other party and accept the risk that (i) (subject to the terms and conditions of the Notes) the principal of the Notes will only be payable in respect of those Notes which are held until the relevant Scheduled Maturity Date or in respect of those Tranche(s) of Notes the Issuer has exercised the Issuer Call Option relating to such Tranche(s) of Notes, (ii) interest will only be payable in respect of the Notes in issue on the relevant Interest Payment Dates, (iii) any Equity Bonus Payment will only be payable in respect of the Series 7 Tranche A Notes and the Series 7 Tranche B Notes in issue on the relevant Equity Bonus Payment Date and provided that the Equity Bonus Condition is fulfilled in respect of such Equity Bonus Payment Date (which in turn is dependent on the performance of the Shares of the Basket Companies and whether a Cancellation Notice has been given following the occurrence of an Extraordinary Event) and (iv) the redemption amounts payable to them following notice of the occurrence of a Credit Event or the occurrence of an Event of Default or a Mandatory Redemption Event (as the case may be) is likely to be substantially less than the principal amount of their Notes;
- **understand** that in the event that any of the Original Underlying Assets in respect of a Series of Notes or Reinvested Eligible Investments in respect of a Series of Notes are redeemed, in whole or in part, at or above

their outstanding principal amount including any accrued interest in accordance with their terms for any reason whatsoever by the issuer of such Original Underlying Assets or Reinvested Eligible Investments, as the case may be, (or, in the case of Original Underlying Assets in the form of Cash Deposits or Liquidity Funds, redeemed or repaid for any reason whatsoever (as the case may be)) prior to the relevant Scheduled Maturity Date, the proceeds of redemption or repayment will be paid into the account of the Issuer with the Custodian and that such account may or may not be interest bearing. The Determination Agent, acting for and on behalf of the Issuer, may at its sole and absolute discretion reinvest the proceeds of redemption or repayment in Eligible Investments; and

- (in respect of a purchase of Series 7 Notes only) **have notice** of the terms of the Equity Option Agreement, a copy of which is/will be available for inspection as set out in the Section “Additional Information about the Offering - Display Documents” of this Pricing Statement.

By giving application instructions to any Distributor for the subscription of any Notes, prospective investors will also be deemed to have made the confirmations to the Distributor, the Arranger and the Issuer as set out under the paragraph headed “Confirmations to be given by investors” in the section headed “The Distributors and Investors Confirmations” in Part 1 of the Base Prospectus.

Prospective investors will be required to confirm that they have read and understood these confirmations and the confirmations contained in the Base Prospectus at the time of applying to a Distributor for the Notes. If prospective investors do not understand the meaning or the reasons why they are being asked to give these confirmations and those confirmations contained in the Base Prospectus, they should seek assistance from their Distributor.

ADDITIONAL INFORMATION ABOUT THE OFFERING

Authorisations

The issue of the Series 6 Notes and the Series 7 Notes was authorised and approved by resolutions of the Board of Directors of the Issuer passed on 19 April 2007.

Use of Proceeds

The Issuer is issuing each Series of Notes in the course of its ordinary business with the intention of providing investors with the opportunity to invest in a structured financial product that provides investors with an exposure to the Reference Entities and the Underlying Assets in respect of such Series. Morgan Stanley does not consider this transaction to amount to a fund-raising exercise for Morgan Stanley or its subsidiaries. The entire proceeds of issue of each Series of Notes will be used to invest in the Original Underlying Assets in respect of such Series.

Payments

Interest payments and redemption payments of the Notes will be made in USD in respect of Series 6 Tranche A Notes and Series 7 Tranche A Notes and in SGD in respect of Series 6 Tranche B Notes and Series 7 Tranche B Notes. Equity Bonus Payments of the Series 7 Notes will be made in USD in respect of the Series 7 Tranche A Notes and in SGD in respect of the Series 7 Tranche B Notes. Each investor who has been allocated the Notes must make arrangements to receive payments in respect of the Notes by credit to a USD account in respect of Series 6 Tranche A Notes and Series 7 Tranche A Notes and to a SGD account in respect of Series 6 Tranche B Notes and Series 7 Tranche B Notes. Definitive Notes, or certificates representing the Notes, will not be issued to individual investors (except in very limited circumstances). The total principal amount of the Notes of each Tranche will initially be represented by interests in a Global Note, which will be registered in the name of CDP. Accordingly, investors who have been allocated the Notes and who do not have an account at such clearing system must make arrangements for their Notes to be held in custody with an accountholder (or an indirect accountholder) of CDP (which initially must be one of the Distributors).

Taxation

Prospective investors are advised to read the section headed “Taxation” in Part 1 of the Base Prospectus which contains a summary of certain taxation provisions under Singapore, Cayman Islands and Jersey law. Prospective investors are also advised that no Singapore stamp duty will be payable on the issue or subsequent transfer of any of the Notes.

The provisions in the section headed “Taxation” in Part 1 of the Base Prospectus are accurate as at the date of this Pricing Statement.

No Material Adverse Change — Issuer

There has been no material change in the financial position or operations of the Issuer and no material adverse change in the prospects of the Issuer, in each case since its date of incorporation on 30 November 2005. The Notes described in this Pricing Statement are being issued as Series 6 and Series 7, respectively, under the Programme. As at the date of this Pricing Statement, the Issuer does not have any hire purchase commitments, guarantees or other material contingent liabilities, bank overdrafts or other similar indebtedness.

Display Documents

For so long as any Notes of a Series remain outstanding and with effect from the dates set out in the following paragraph, the following documents as well as the documents listed in the section headed “General Information” in Part 1 of the Base Prospectus will be available during usual business hours on any day (Saturdays, Sundays and public holidays in Singapore excepted), for inspection (requests for photocopies will be subject to a reasonable fee which reflects the cost of making a copy) at the offices of the Arranger specified on page i of this Pricing Statement:

- (i) information relating to the Underlying Assets in respect of such Series including the rating(s) (if any), the terms and conditions, the information memorandum or memoranda or other offering document(s) relating to such Underlying Assets (if such documents have been prepared) and regarding where investors could obtain

information relating to the performance of the issuer(s) of such Underlying Assets on an on-going basis together with any further information which is available to, and may be disclosed by, the Arranger;

(ii) (where the relevant Notes are Series 7 Notes) a copy of the Equity Option Agreement; and

(iii) a copy of any notice given by the Issuer or the Arranger in respect of the Notes of such Series pursuant to the Programme or as otherwise provided for in this Pricing Statement.

The documents listed in (i), (ii) and (iii) above will be available for inspection as aforesaid with effect from the Issue Date. None of the documents listed above form part of the Prospectus.

APPENDIX A

CREDIT AND STABILITY RATINGS

None of S&P, Moody's and/or Fitch has consented to the information set out in this Appendix A. Neither the Issuer nor the Arranger makes any representation as to the accuracy or reliability of the information set out in this Appendix A, save that the Issuer and the Arranger have taken reasonable care to correctly extract and/or reproduce such information in its proper form and context. More information on credit ratings can be found at the websites of S&P at www.standardandpoors.com, Moody's at www.moody.com and Fitch at www.fitchratings.com.

CREDIT RATINGS

A credit rating is a current assessment by a credit rating agency of a company's or a country's overall financial capacity (its creditworthiness) to pay its financial obligations (i.e. its debts). This assessment focuses on the company's or the country's capacity to meet its financial commitments as they become due. It does not apply to any specific financial obligation.

There can be no assurance that any stated credit rating will remain in effect for any given period or that any such rating will not be revised by the relevant rating agency in the future if, in the relevant credit rating agency's judgment, circumstances so warrant. A downward revision of a credit rating does not of itself constitute a Credit Event.

It should be noted that a credit rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor (a company or country), as the rating agencies do not comment on market price or suitability for a particular investor.

Investors should note that a downgrade in respect of any of the Reference Entities does not of itself equate to, or result in, the occurrence of a Credit Event.

The following are guidelines issued by S&P, Moody's and Fitch on what each of their ratings means and have been extracted from the websites and reports of the Rating Agencies:

S&P Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment — capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

The issue rating definitions are expressed in terms of default risk. As such, they pertain to senior obligations of an entity. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation applies when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.) Accordingly, in the case of junior debt, the rating may not conform exactly with the category definition.

AAA

An obligation rated 'AAA' has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC, and C

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB

An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B

An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC

An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC

An obligation rated 'CC' is currently highly vulnerable to nonpayment.

C

A subordinated debt or preferred stock obligation rated 'C' is currently highly vulnerable to nonpayment. The 'C' rating may be used to cover a situation where a bankruptcy petition has been filed or similar action taken, but payments on this obligation are being continued. A 'C' also will be assigned to a preferred stock issue in arrears on dividends or sinking fund payments, but that is currently paying.

Plus (+) or minus (-)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

S&P Short-Term Issue Credit Ratings

A-1

A short-term obligation rated 'A-1' is rated in the highest category by S&P. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2

A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3

A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B

A short-term obligation rated 'B' is regarded as having significant speculative characteristics. Ratings of 'B-1', 'B-2', and 'B-3' may be assigned to indicate finer distinctions within the 'B' category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B-1. A short-term obligation rated 'B-1' is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-2. A short-term obligation rated 'B-2' is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-3. A short-term obligation rated 'B-3' is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

C

A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

S&P Long-Term Issuer Credit Ratings

A S&P issuer credit rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The issuer credit rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor.

Counterparty credit ratings, ratings assigned under the Corporate Credit Rating Service (formerly called the Credit Assessment Service) and sovereign credit ratings are all forms of issuer credit ratings. Issuer credit ratings are based on current information furnished by obligors or obtained by S&P from other sources it considers reliable. S&P does not perform an audit in connection with any issuer credit rating and may, on occasion, rely on unaudited financial information.

Issuer credit ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances. Issuer credit ratings can be either long term or short term. Short-term issuer credit ratings reflect the obligor's creditworthiness over a short-term time horizon.

AAA

An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

AA

An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest rated obligors only to a small degree.

A

An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

BBB

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

BB, B, CCC, and CC

Obligor rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB

An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

B

An obligor rated 'B' is more vulnerable than obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

CCC

An obligor rated 'CCC' is currently vulnerable, and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments.

Plus (+) or minus (-)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

CC

An obligor rated 'CC' is currently highly vulnerable.

S&P Short-Term Issuer Credit Ratings

A-1

An obligor rated 'A-1' has strong capacity to meet its financial commitments. It is rated in the highest category by S&P. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong.

A-2

An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

A-3

An obligor rated 'A-3' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

B

An obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

B-1. Obligors with a 'B-1' short-term rating have a relatively stronger capacity to meet their financial commitments over the short-term compared to other speculative-grade obligors.

B-2. Obligors with a 'B-2' short-term rating have an average speculative-grade capacity to meet their financial commitments over the short-term compared to other speculative-grade obligors.

B-3. Obligors with a 'B-3' short-term rating have a relatively weaker capacity to meet their financial commitments over the short-term compared to other speculative-grade obligors.

C

An obligor rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for it to meet its financial commitments.

CreditWatch

CreditWatch highlights the potential direction of a short-or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P's analytical staff. These may include mergers, recapitalisations, voter referendums, regulatory action, or anticipated operating developments. Ratings appear on CreditWatch when such an event or a deviation from an expected trend occurs and additional information is necessary to evaluate the current rating. A listing, however, does not mean a rating change is inevitable, and whenever possible, a range of alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. The "positive" designation means that a rating may be raised; "negative" means a rating may be lowered; and "developing" means that a rating may be raised, lowered, or affirmed.

Moody's Long-term Obligation Ratings

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa

Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A

Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa

Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba

Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

B

Obligations rated B are considered speculative and are subject to high credit risk.

Caa

Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca

Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Moody's Issuer Ratings: Corporates and Financial Institutions

Issuer Ratings are opinions of the ability of entities to honor senior unsecured financial obligations and contracts. Moody's rating symbols for Issuer Ratings are identical to those used to indicate the credit quality of long-term obligations.

Moody's Short-Term Ratings

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1

Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2

Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3

Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP

Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Note: Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long-term rating of the issuer, its guarantor or support-provider.

Watchlists

Moody's uses the Watchlist to indicate that a rating is under review for possible change in the short-term. A rating can be placed on review for possible upgrade ("UPG"), on review for possible downgrade ("DNG"), or more rarely with direction uncertain ("UNC"). A credit is removed from the Watchlist when the rating is upgraded, downgraded or confirmed.

Fitch International Long-Term Credit Ratings

International Long-Term Credit Ratings (“**LTCR**”) may also be referred to as Long-Term Ratings. When assigned to most issuers, it is used as a benchmark measure of probability of default and is formally described as an Issuer Default Rating (“**IDR**”). The major exception is within Public Finance, where IDRs will not be assigned as market convention has always focused on timeliness and does not draw analytical distinctions between issuers and their underlying obligations. When applied to issues or securities, the LTCR may be higher or lower than the issuer rating (“**IDR**”) to reflect relative differences in recovery expectations.

The following rating scale applies to foreign currency and local currency ratings:

Investment Grade

AAA

Highest credit quality. ‘AAA’ ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA

Very high credit quality. ‘AA’ ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A

High credit quality. ‘A’ ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB

Good credit quality. ‘BBB’ ratings indicate that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

Speculative Grade

BB

Speculative. ‘BB’ ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

B

Highly speculative.

- For issuers and performing obligations, ‘B’ ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
- For individual obligations, may indicate distressed or defaulted obligations with potential for extremely high recoveries. Such obligations would possess a Recovery Rating of ‘R1’ (outstanding).

CCC

- For issuers and performing obligations, default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic conditions.
- For individual obligations, may indicate distressed or defaulted obligations with potential for average to superior levels of recovery. Differences in credit quality may be denoted by plus/minus distinctions.

Such obligations typically would possess a Recovery Rating of 'R2' (superior), or 'R3' (good) or 'R4' (average).

CC

- For issuers and performing obligations, default of some kind appears probable.
- For individual obligations, may indicate distressed or defaulted obligations with a Recovery Rating of 'R4' (average) or 'R5' (below average).

C

- For issuers and performing obligations, default is imminent.
- For individual obligations, may indicate distressed or defaulted obligations with potential for below-average to poor recoveries. Such obligations would possess a Recovery Rating of 'R6' (poor).

Fitch International Short-Term Credit Ratings

The following ratings scale applies to foreign currency and local currency ratings. A Short-term rating has a time horizon of less than 13 months for most obligations, or up to three years for US public finance, in line with industry standards, to reflect unique risk characteristics of bond, tax, and revenue anticipation notes that are commonly issued with terms up to three years. Short-term ratings thus place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

F1

Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added '+' to denote an exceptionally strong credit feature.

F2

Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.

F3

Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non investment grade.

B

Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.

High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

Notes to Fitch International Long-Term and Short-Term ratings:

Modifiers "+” or “-”

The modifiers "+” or “-” may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-term rating category, to categories below 'CCC', or to Short-term ratings other than 'F1'. (The +/- modifiers are only used to denote issues within the CCC category, whereas issuers are only rated CCC without the use of modifiers.)

Rating Watch

Ratings are placed on Rating Watch to notify investors that there is a reasonable probability of a rating change and the likely direction of such change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or maintained. Rating Watch is typically resolved over a relatively short period.

Performance of Credit Ratings

S&P regularly produces a default study which calculates the incidence of defaults across all rating classes over varying periods.

The S&P default events are similar (but not identical) to the Credit Events applicable in respect of the Notes as set out in the section headed “Technical Definitions” in this Pricing Statement.

S&P records a default:

- on the first occurrence of a payment default on any financial obligation of a company or country; or
- when holders of a company’s or country’s debt accept substitute instruments with reduced interest, longer maturities or any other diminished financial term.

The table below (extracted from the S&P’s Annual 2006 Global Corporate Default Study and Rating Transitions) shows the cumulative default history for the 4 investment grade rating categories (AAA, AA, A and BBB) from 1 to 7 years. The study is global and covers the period from 1981 to 2006.

For example, if a bond has a S&P’s A rating, the statistical likelihood of default of such bond based on the cumulative historical default history of such bonds between 1981 and 2006 is 0.06 per cent. in the first year following issue, 0.17 per cent. in the second year, 0.31 per cent. in the third year, and so on. The significance of these historical default rates is that there has been a correlation between S&P’s ratings and the incidence of default. That is, the higher the rating the lower the incidence of default.

| <u>Rating</u> | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| AAA..... | 0.00% | 0.00% | 0.09% | 0.19% | 0.29% | 0.43% | 0.50% |
| AA..... | 0.01% | 0.05% | 0.10% | 0.20% | 0.32% | 0.43% | 0.56% |
| A..... | 0.06% | 0.17% | 0.31% | 0.47% | 0.68% | 0.91% | 1.19% |
| BBB..... | 0.24% | 0.71% | 1.23% | 1.92% | 2.61% | 3.28% | 3.82% |

Source: S&P Annual 2006 Global Corporate Default Study and Rating Transitions

These historical default rates provide a measure of the historical accuracy of S&P’s ratings. However, they are not necessarily, or at all, indicative of the likelihood of a Credit Event occurring to any of the Reference Entities.

FUND STABILITY RATINGS

In respect of money market funds, liquidity funds or similar investment vehicles that principally invest in short term fixed income obligations, each of S&P, Moody’s and Fitch have issued guidelines on the stability ratings applicable to such funds.

S&P Principal Stability Fund Ratings

A S&P Principal Stability fund rating, also known as a money-market fund rating, is a current opinion of a fund’s capacity to maintain stable principal or net asset value. When assigning a Principal Stability rating to a fund, S&P evaluates the creditworthiness of a fund’s investments and counterparties, the market price exposure of its investments, sufficiency of the fund’s portfolio liquidity, and management’s ability and policies to maintain the fund’s stable net asset value by limiting exposure to loss.

A principal stability fund rating (also known as a money market fund rating) is not directly comparable with a bond rating due to differences in investment characteristics, rating criteria, and creditworthiness of portfolio investments. For example, a money market fund portfolio provides greater liquidity, price stability, and diversification than a long-term bond, but not necessarily the credit quality that would be indicated by the corresponding bond rating. Ratings are not commentaries on yield levels. A principal stability fund rating is not a recommendation to buy, sell, or hold the shares of a fund. Further, the rating may be changed, suspended, or withdrawn as a result of changes in or unavailability of information related to the fund.

AAAm

Fund has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

AAm

Fund has very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

Am

Fund has strong capacity to maintain principal stability, but is somewhat more susceptible to principal losses due to adverse credit, market, and/or liquidity risks.

BBBm

Fund has adequate capacity to maintain principal stability. Nevertheless, adverse market conditions and/or higher levels of redemption activity are more likely to lead to a weakened capacity to limit exposure to principal loss as a result of higher exposure to credit, market and/or liquidity risks.

BBm

Fund has uncertain capacity to maintain principal stability, and is vulnerable to principal losses resulting from its exposures to credit, market, and/or liquidity risks.

Dm

Fund has failed to maintain principal stability resulting in a realized or unrealized loss of principal.

+ or – Ratings may be modified (except ‘AAAm’) to show relative standing within the rating categories.

Moody’s Market Risk Ratings

Moody’s Mutual Fund Market Risk ratings are opinions of the relative degree of volatility of a rated fund’s net asset value (NAV). In forming an opinion on the fund’s future price volatility, Moody’s analysts consider risk elements that may have an effect on a fund’s net asset value, such as interest rate risk, prepayment and extension risk, liquidity and concentration risks, currency risk, and derivatives risk. The ratings are not intended to reflect the prospective performance of a fund with respect to price appreciation or yield.

MR1

Money Market Funds and Bond Funds rated MR1 are judged to have very low sensitivity to changing interest rates and other market conditions.

MR2

Money Market Funds and Bond Funds rated MR2 are judged to have low sensitivity to changing interest rates and other market conditions.

MR3

Money Market Funds and Bond Funds rated MR3 are judged to have moderate sensitivity to changing interest rates and other market conditions.

MR4

Money Market Funds and Bond Funds rated MR4 are judged to have high sensitivity to changing interest rates and other market conditions.

MR5

Money Market Funds and Bond Funds rated MR5 are judged to have very high sensitivity to changing interest rates and other market conditions.

Note: A "+" modifier appended to the MR1 rating category denotes constant NAV money market funds and other qualifying funds.

Fitch Money Market Fund Ratings

Fitch's money market fund ratings are an assessment of the safety of invested principal and the ability to maintain a stable market value of the fund's shares. Ratings are based on an evaluation of several factors, including credit quality, diversification, and maturity of assets in the portfolio, as well as management strength and operational capabilities.

AAA/VI+

Money market funds have the highest credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is extremely strong.

AA/VI+

Money market funds have very high credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is very strong.

A/VI+

Money market funds have high credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is strong.

BBB/VI+

Money market funds have adequate credit quality and safety of principal. Fund management's experience, coupled with fund policies and procedures, indicates safety is acceptable.

**APPENDIX B
FORM OF PRICING SUPPLEMENTS**

**PRICING SUPPLEMENT
SERIES 6, TRANCHE [A][B]⁵**

6 July 2007

PINNACLE PERFORMANCE LIMITED

PRICING SUPPLEMENT

relating to
Series 6 (“**this Series**”)

[USD][SGD] Fixed Rate First-to-Default Credit-Linked Notes due 2013
 (“**Tranche [A][B] Notes**” and in this Pricing Supplement, the “**Notes**”)

pursuant to its Structured Note Programme

arranged by

MORGAN STANLEY DEAN WITTER ASIA (SINGAPORE) PTE.

The Notes shall have the terms and conditions set out as the Master Conditions in the Annex for First-to-Default Note Type set out in Part 1 of the Base Prospectus dated 7 August 2006, as completed, modified and supplemented by this document and the Supplementary Base Prospectus dated 24 April 2007. This document constitutes the Pricing Supplement as referred to in the Master Conditions.

The terms of the Tranche [A][B] Notes are as follows:

- | | |
|------------------------|--|
| 1. Issuer: | Pinnacle Performance Limited |
| 2. Arranger: | Morgan Stanley Dean Witter Asia (Singapore) Pte. |
| 3. (i) Series No: | 6 |
| (ii) Tranche: | [A][B] |
| Terms of Series | |
| 4. Note Type: | First-to-Default Note Type |
| 5. Relevant Currency: | [United States dollars (“ US\$ ” or “ USD ”)] [Singapore dollars (“ S\$ ” or “ SGD ”)] |
| 6. Principal Amount: | [US\$[•]] [S\$[•]] |
| 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][S\$5,000] per Note. Condition 17 shall not apply |
| 10. Issue Date: | 6 July 2007 |
| 11. Issue Price: | 100 per cent. of the Principal Amount |

⁵ In this form of Pricing Supplement, terms contained in the first set of square brackets relate to Tranche A, terms contained in the second set of square brackets relate to Tranche B.

12. Scheduled Maturity Date: 6 January 2013

Credit Terms

13 Reference Entities, Entity Types and Reference Obligations

| <u>Reference Entity</u> | <u>Entity Type</u> | <u>Details of Reference Obligation</u> | |
|---|--|--|---|
| Bank of America Corporation | North American Corporate Investment Grade Reference Entity | Primary Obligor: | Bank of America Corporation |
| | | Ranking: | Senior* |
| | | Issue Date: | 22 April 2002 |
| | | Maturity Date: | 15 April 2012 |
| | | Coupon: | 6.25% per annum |
| | | Currency: | US\$ |
| | | ISIN: | US060505AQ79 |
| Citigroup Inc. | North American Corporate Investment Grade Reference Entity | Primary Obligor: | Citigroup Inc. |
| | | Ranking: | Subordinated |
| | | Issue Date: | 11 October 2000 |
| | | Maturity Date: | 1 October 2010 |
| | | Coupon: | 7.25% per annum |
| | | Currency: | US\$ |
| | | ISIN: | US172967AZ49 |
| DBS Bank Ltd. | Singapore Corporate Reference Entity | Primary Obligor: | DBS Bank Ltd. |
| | | Ranking: | Subordinated |
| | | Issue Date: | 17 May 2001 |
| | | Maturity Date: | 15 May 2011 |
| | | Coupon: | 7.125% per annum |
| | | Currency: | US\$ |
| | | ISIN: | USY20337AJ30 |
| United Overseas Bank Ltd | Singapore Corporate Reference Entity | Primary Obligor: | United Overseas Bank Ltd |
| | | Ranking: | Subordinated |
| | | Issue Date: | 30 August 2001 |
| | | Maturity Date: | 30 September 2016 |
| | | Coupon: | 4.95% per annum |
| | | Currency: | S\$ |
| | | ISIN: | SG5310894778 |
| Singapore Telecommunications Limited | Singapore Corporate Reference Entity | Primary Obligor: | Singapore Telecommunications Limited |
| | | Ranking: | Senior |
| | | Issue Date: | 20 November 2001 |
| | | Maturity Date: | 1 December 2011 |
| | | Coupon: | 6.375% per annum |
| | | Currency: | US\$ |
| | | ISIN: | USY79985AC46 |
| Oversea-Chinese Banking Corporation Limited | Singapore Corporate Reference Entity | Primary Obligor: | Oversea-Chinese Banking Corporation Limited |
| | | Ranking: | Subordinated |
| | | Issue Date: | 6 July 2001 |
| | | Maturity Date: | 6 September 2011 |
| | | Coupon: | 7.75% per annum |
| | | Currency: | US\$ |
| | | ISIN: | XS0132030759 |

In the event that a Reference Obligation is redeemed in full or otherwise ceases to be an Obligation (as defined in the Master Conditions) of a Reference Entity, the Determination Agent acting for and on behalf of the Issuer will identify one or more Obligations which preserve the economic equivalent of the delivery and payment obligations of the Issuer to be a substitute Reference Obligation. In practice, the substitute Reference Obligation will be the same as that selected by the calculation agent under the Swap Agreement. The substitute Reference Obligation will be an equivalent Obligation of such Reference Entity. The identity of such substitute Reference Obligation will not be known to prospective investors when they commit to purchase the relevant Series or Tranche of Notes.

14. Base Currency US\$

Redemption provisions

- | | |
|---|---|
| 15. Redemption Amount: | In respect of each Note, 100% of its Denomination |
| 16. Instalment Date(s) (if applicable): | Not Applicable |
| 17. Instalment Amount(s) (if applicable): | Not Applicable |
| 18. Tax redemption: | Condition 7(c) (i) (C) shall apply |
| 19. Purchase option: | Condition 7(d) shall not apply |
| 20. Issuer Call Option: | Applicable |
- The Issuer Call Option will only be exercised if the Swap Counterparty Option has been exercised. The Swap Agreement shall be terminated pursuant to the exercise of the Swap Counterparty Option without any termination payment being due from the Issuer or the Swap Counterparty.
- Pursuant to the terms of the Forward Agreement, if the Issuer Call Option is exercised in relation to the Notes, Security over the Underlying Assets will be automatically released and the Issuer will deliver to the Forward Counterparty the Underlying Assets in respect of the Notes, and the Forward Counterparty will pay to the Issuer a cash amount equal to the principal amount of the Underlying Assets. The Issuer will pay to the Swap Counterparty such cash amount it receives from the Forward Counterparty and the Swap Counterparty will pay to the Issuer an amount equal to the principal amount of the Notes plus any accrued interest up to the Call Redemption Date in respect of such Issuer Call Option to enable the Issuer to meet its obligations under the Notes.

Interest

- | | |
|--|---|
| 21. Interest Commencement Date (if different from Issue Date): | Issue Date |
| 22. Interest Basis: | Fixed |
| 23. Interest Payment Date(s): | Semi-annually in arrear on 6 January and 6 July in each year, commencing on 6 January 2008 up to and including the Scheduled Maturity Date, each date subject to adjustment in accordance with the Following Business Day Convention, provided that no adjustment shall be made to the Interest Amount as a result of such adjustment to an Interest Payment Date |
| 24. Fixed Rate Note Provisions | Applicable |
| (i) Fixed Rate of Interest: | [7.00][5.20] per cent. per annum from, and including, the first Interest Period to, and including, the Interest Period ending on the Scheduled Maturity Date (“ Year 1 to Year 5.5 ”) |
| (ii) Interest Amount: | [USD175.00][SGD130.00] per Note from Year 1 to Year 5.5 |
| (iii) Day Count Fraction: | 30/360 |
| (iv) Business Day: | As defined in the Master Conditions |
| (v) Other terms relating to the method of calculating interest for Fixed Rate Notes: | Not Applicable |
| 25. Floating Rate Note Provisions | Not Applicable |
| 26. Zero Coupon Note Provisions | Not Applicable |
| 27. Index Note Provisions | Not Applicable |

Other

28. Unmatured Coupons to become void upon early redemption: Not Applicable
29. 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
30. Dual Currency Note Provisions: Not Applicable
31. Business Day Jurisdictions for Condition 8(g) (jurisdictions required to be open for payment): Singapore, New York and London
32. Details of any other additions or variations to the Conditions:
- (a) So long as any Notes are represented by Global Notes, notices in respect of those Notes may be given by delivery of the relevant notice to entitled CDP account holders in substitution for publication in a daily newspaper with general circulation in Singapore.
Condition 15 is hereby amended accordingly.
- [(b) The definition of “Valuation Obligation Portfolio” shall be deleted and replaced with the following:
“**Valuation Obligation Portfolio**” means, with respect to a Credit Event Redemption Amount and the Credit Event Entity, one or more Valuation Obligations of the Credit Event Entity as selected by the Swap Counterparty in its sole and absolute discretion on or before the relevant Valuation Date and having in aggregate Valuation Obligation Notional Amounts equal to the Base Currency equivalent of the outstanding principal amount of the Notes, converted at the exchange rate prevailing on or about the Fixing Date as determined by the Determination Agent, acting for and on behalf of the Issuer, in its sole and absolute discretion.]⁶
33. Charged Assets:
- (a) Original Underlying Assets: *[insert details of Original Underlying Assets]*
[The Issuer will, if it determines (in consultation with the Determination Agent) that Synthetic CDO Securities satisfying the criteria below are available for investment by the Issuer, (i) in the case of Liquidity Funds or Certificates of Deposit, sell such Liquidity Funds or Certificates of Deposit (provided the amount at which such Liquidity Funds or Certificates of Deposit are sold is at or above their outstanding principal amount) and (ii) reinvest such Cash Deposits and/or the proceeds of such sale in Synthetic CDO Securities which are:
- (a) denominated in USD;
- (b) is rated at least AA or Aa2 by at least one of

⁶ Only applicable to Tranche B

S&P, Moody's and/or Fitch;

- (c) is not subject to negative "CreditWatch" by S&P, is not subject to review for possible downgrade on Moody's "Watchlist" and is not subject to Fitch "Rating Watch" Negative;
- (d) is acceptable to the Swap Counterparty as a funding source for the obligations of the Issuer under the Swap Agreement; and
- (e) has a maximum maturity which falls on or prior to the Scheduled Maturity Date of the Notes.

Such Synthetic CDO Securities will then form part of the Underlying Assets.⁷

(b) The criteria applicable to Eligible Investments:

Other than Cash Deposits, for which no additional criteria will apply, Eligible Investments (or the issuer(s) or obligor(s) thereof) must satisfy the following criteria on the date on which the Issuer makes investment therein:

- (a) any USD denominated securities, including Asset-Backed Securities and Credit Commodity Linked Securities, rated (or issued by an entity rated) at least "Aaa" or "P-1" by Moody's or any successor to the rating business thereof or at least "AAA" or "A-1" by S&P or any successor to the rating business thereof or at least "AAA" or "F1" by Fitch or any successor to the rating business thereof that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody's Watchlist or placed on "Rating Watch Negative" by Fitch, as applicable, at the time of its acquisition; and/or
- (b) any USD denominated Medium Term Notes, CDO Squared Securities or Synthetic CDO Securities rated at least "Aa2/P-1" by Moody's or at least "AA/A-1" by S&P or at least "AA/F1" by Fitch that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody's Watchlist or placed on "Rating Watch Negative" by Fitch, as applicable, at the time of its acquisition; and/or
- (c) any USD denominated Commercial Paper or Certificate of Deposit rated at least "P-1" by Moody's and/or at least "A-1" by S&P and/or at least "F1" by Fitch or issued by an entity

⁷ Only applicable if Original Underlying Assets are not Synthetic CDO Securities

rated at least “P-1” by Moody’s and/or at least “A-1” by S&P and/or at least “F1” by Fitch, that has a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes and which is not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody’s Watchlist or placed on “Rating Watch Negative” by Fitch, as applicable, at the time of its acquisition; and/or

- (d) any USD denominated Liquidity Fund, including, without limitation, any investment vehicle for which the Arranger, the Determination Agent, the Custodian or the Trustee, or an Affiliate of any of them, provides services, provided that at the time such investment is entered into, such fund has a money market fund rating of at least “Aaa/MR1+” by Moody’s and/or at least “AAAm” by S&P and/or at least AAA/V1+ by Fitch, and that such fund distributes interest or dividends on such investment on a regular basis and at least quarterly.

(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:

- (a) 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);
- (b) 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;
- (c) Thirdly, rateably in meeting the claims (if any) of the Swap Counterparty under the Swap Agreement and the Forward Counterparty under the Forward 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 or the Forward Counterparty under the Forward Agreement, as the case may be, and relating to sums receivable on the Underlying Assets);
- (d) Fourthly, rateably in meeting the claims (if

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

- (e) 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, the Swap Guarantee, the Forward Agreement and the Forward 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, the Swap Guarantee, the Forward Agreement and the Forward 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, the Swap Counterparty and the Forward 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 Credit Default Swap Transaction and the Asset Swap 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 which relate to the Notes comprise a credit default swap transaction (the “**Credit Default 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**”⁸.

Pursuant to the terms of the Credit Default Swap Transaction the Issuer has agreed to sell credit protection to the Swap Counterparty in relation to the Reference Entities in a notional amount equal to the Principal Amount of the Notes against payment of a premium amount (the “**Credit Default Swap Premium**”) and the Issuer has agreed that following the giving of notice of the occurrence of a Credit Event, it will pay to the Swap Counterparty an amount equal to the Liquidation Proceeds and the Swap Counterparty will pay an amount equal to the Credit Event Redemption Amount.

Furthermore, in connection with the issue of the Notes the Issuer has entered into the Asset Swap Transaction in a notional amount equal to the Principal Amount of the Notes pursuant to which (A) the Issuer has agreed to pay to the Swap Counterparty (i) an amount equal to all distributions in respect of interest or income receivable by the Issuer in respect of the Underlying Assets and (ii) an amount equal to the Credit Default Swap Premium and (B) the Swap Counterparty has agreed to pay to the Issuer an amount equal to all

⁸ The term “**Swap Agreement**” in this Pricing Statement other than in Appendices B and C means, in respect of a Series of Notes, the Swap Master Agreement together with the confirmations thereto which relate to such Series of Notes.

- (ii) Forward Agreement and the Forward Guarantee:

amounts of interest due in respect of the Notes.

In connection with the issue of the Notes, the Issuer has also entered into, amongst other things, an ISDA Master Agreement (the “**Forward Master Agreement**”) dated 7 August 2006 between the Issuer and the Forward Counterparty which Forward Master Agreement benefits from a guarantee (the “**Forward 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 Forward Master Agreement. The confirmation to the Forward Master Agreement which relates to the Notes comprise a contingent forward transaction dated the Issue Date. The Forward Master Agreement together with the confirmation thereto which relates to the Notes are referred to herein as the “**Forward Agreement**”.

Pursuant to the terms of the contingent forward transaction, if an Issuer Call Option is exercised in relation to the Notes, the Issuer will deliver to the Forward Counterparty the Underlying Assets in respect of the Notes, and the Forward Counterparty will pay to the Issuer a cash amount equal to the principal amount of the Underlying Assets. The Issuer will pay to the Swap Counterparty such cash amount it receives from the Forward Counterparty and the Swap Counterparty will pay to the Issuer an amount equal to the principal amount of the Notes plus any accrued interest up to the Call Redemption Date in respect of such Issuer Call Option to enable the Issuer to meet its obligations under the Notes.

Each of the Swap Agreement and the Forward 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 or the Forward Agreement, as the case may be, including:
 - (i) the failure of the other party to pay any amount due and payable under the Swap Agreement or the Forward Agreement, as the case may be, and such failure continues for one Business Day (as defined in the Swap Agreement or the Forward Agreement, as the case may be);
 - (ii) non-compliance by the Swap Guarantor with any of its obligations under the Swap Guarantee or the Forward Guarantee, as the case may be, or the ceasing of the Swap Guarantee or the Forward Guarantee (as the case may be) to be in full force and effect;

- (iii) the merger of either party 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, or the Forward Agreement or the Forward Guarantee, as the case may be;
- (b) on the occurrence of certain "Termination Events" under the Swap Agreement or the Forward Agreement, as the case may be, including:
 - (i) it becoming illegal for either party to perform its obligations under the Swap Agreement or the Forward Agreement, as the case may be, or for the Swap Guarantor to perform its obligations under the Swap Guarantee or the Forward Guarantee, as the case may be;
 - (ii) if (subject as provided in the Swap Agreement or the Forward Agreement, as the case may be) withholding taxes are imposed on payments made by the Issuer, the Swap Counterparty or the Forward Counterparty under the Swap Agreement and/or the Forward Agreement, as the case may be, which is not avoided by a transfer by the Affected Party (as defined in the Swap Agreement or the Forward Agreement, as the case may be) of its rights and obligations on terms provided in the Swap Agreement or the Forward Agreement, as the case may be;
 - (iii) when the Notes become repayable in whole prior to the Scheduled Maturity Date (other than as a result of the occurrence of a Credit Event or as a result of the exercise of an Issuer Call Option or Swap Counterparty Option);
- (c) where a Credit Event has occurred, the Asset Swap Transaction and the Forward Agreement will terminate on the Event Determination Date; and
- (d) upon the exercise by the Issuer of the Issuer Call Option, or the exercise by the Swap Counterparty of a Swap Counterparty Option, the Asset Swap Transaction and the Credit Default Swap Transaction will terminate on the immediately following Interest Payment Date.

Consequences of Early Termination:

Upon any such early termination of the Swap Agreement or the Forward Agreement (in whole or in part), as the case may be, and such agreement is

not replaced on or prior to such termination, the Notes will become repayable and the Issuer, the Swap Counterparty or the Forward 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 or the Forward Agreement, as the case may be (regardless, if applicable, of which of such parties may have caused such termination).

Further, under the terms of the Swap Agreement and the Forward Agreement, termination payments will not be payable following termination as a result of the exercise by the Issuer of an Issuer Call Option, the exercise by the Swap Counterparty of a Swap Counterparty Option, or the occurrence of an Event Determination Date (save in respect of any amounts which should have been paid prior to the date of termination and which remain unpaid).

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 or the Forward Agreement, as the case may be, and the termination payment would typically (but not necessarily) take into account the market value of the terminated Swap Agreement or the Forward Agreement, as the case may be, 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 or the Forward Agreement, as the case may be.

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/Forward Counterparty or the Issuer, as the case may be, due to the termination of the Swap Agreement or the Forward Agreement, as the case may be, 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.

| | |
|---|--|
| (iii) Exercise of Morgan Stanley Exchange Option: | Following an exercise of the Morgan Stanley Exchange Option by Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) in respect of any Notes, a pro rata amount of the Swap Agreement and the Forward Agreement corresponding in each case 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 Issuer): | Morgan Stanley Capital Services Inc. (the “ Swap Counterparty ”) in respect of the Swap Agreement and Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) (the “ Forward Counterparty ”) in respect of the Forward Agreement. |
| (g) Specify any other Charged Assets: | Not Applicable |
| 34. Exchange: Global Note/Global Certificate exchangeable for Definitive Bearer/Registered Notes: | Yes, but only in the limited circumstances set out in the Global Note. |
| 35. Details of any additions or variations to the Programme Agreement: | None |
| 36. Listing: | None |
| 37. Clearing System(s): | The Central Depository (Pte) Limited (with a link to the Euroclear system) |
| 38. Depository: | The Central Depository (Pte) Limited |
| 39. Common Code: | [•] |
| 40. ISIN Code: | [•] [•] |
| 41. 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 |
| 42. Registrar: | Not Applicable |
| 43. Principal Paying Agent, and Calculation Agent: | The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #14-01 Singapore 049320 Fax: +65 6532 4977/+65 6225 3770 Attention: Head of Corporate Trust and Loan Agency |

44. Determination Agent/Settlement Agent/Market Agent: Morgan Stanley & Co. International plc
(formerly known as Morgan Stanley & Co. International Limited)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom
Fax: +44 (0) 20 7677 7990
Attention: Structured Credit Group
With copies to:
Morgan Stanley & Co. International plc
(formerly known as Morgan Stanley & Co. International Limited)
c/o Morgan Stanley Dean Witter Asia Limited
30/F, Three Exchange Square, Central Hong Kong
Fax: +852 2848-5986
Attention: Structured Credit Group

Responsibility

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

Signed by a director of the Issuer:

By: _____

Date: _____

**APPENDIX C
FORM OF PRICING SUPPLEMENTS**

**PRICING SUPPLEMENT
SERIES 7, TRANCHE [A][B]⁹**

6 July 2007

PINNACLE PERFORMANCE LIMITED

PRICING SUPPLEMENT

relating to
Series 7 (“**this Series**”)

[USD][SGD] Fixed Rate First-to-Default Credit-Linked Notes with Equity Bonus Coupon due 2013
 (“**Tranche [A][B] Notes**” and in this Pricing Supplement, the “**Notes**”)

pursuant to its Structured Note Programme

arranged by

MORGAN STANLEY DEAN WITTER ASIA (SINGAPORE) PTE.

The Notes shall have the terms and conditions set out as the Master Conditions in the Annex for First-to-Default Note Type set out in Part 1 of the Base Prospectus dated 7 August 2006, as completed, modified and supplemented by this document and the Supplemental Base Prospectus dated 24 April 2007. This document constitutes the Pricing Supplement as referred to in the Master Conditions.

The terms of the Tranche [A][B] Notes are as follows:

- | | |
|------------------------|--|
| 1. Issuer: | Pinnacle Performance Limited |
| 2. Arranger: | Morgan Stanley Dean Witter Asia (Singapore) Pte. |
| 3. (i) Series No: | 7 |
| (ii) Tranche: | [A][B] |
| Terms of Series | |
| 4. Note Type: | First-to-Default Note Type |
| 5. Relevant Currency: | [United States dollars (“ US\$ ” or “ USD ”)] [Singapore dollars (“ S\$ ” or “ SGD ”)] |
| 6. Principal Amount: | [US\$[•]] [S\$[•]] |
| 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][S\$5,000] per Note. Condition 17 shall not apply |
| 10. Issue Date: | 6 July 2007 |
| 11. Issue Price: | 100 per cent. of the Principal Amount |

⁹ In this form of Pricing Supplement, terms contained in the first set of square brackets relate to Tranche A, terms contained in the second set of square brackets relate to Tranche B.

12. Scheduled Maturity Date: 6 January 2013

Credit Terms

13 Reference Entities, Entity Types and Reference Obligations

| <u>Reference Entity</u> | <u>Entity Type</u> | <u>Details of Reference Obligation</u> | |
|---|--|--|---|
| Bank of America Corporation | North American Corporate Investment Grade Reference Entity | Primary Obligor: | Bank of America Corporation |
| | | Ranking: | Senior |
| | | Issue Date: | 22 April 2002 |
| | | Maturity Date: | 15 April 2012 |
| | | Coupon: | 6.25% per annum |
| | | Currency: | US\$ |
| | | ISIN: | US060505AQ79 |
| Citigroup Inc. | North American Corporate Investment Grade Reference Entity | Primary Obligor: | Citigroup Inc. |
| | | Ranking: | Subordinated |
| | | Issue Date: | 11 October 2000 |
| | | Maturity Date: | 1 October 2010 |
| | | Coupon: | 7.25% per annum |
| | | Currency: | US\$ |
| | | ISIN: | US172967AZ49 |
| DBS Bank Ltd. | Singapore Corporate Reference Entity | Primary Obligor: | DBS Bank Ltd. |
| | | Ranking: | Subordinated |
| | | Issue Date: | 17 May 2001 |
| | | Maturity Date: | 15 May 2011 |
| | | Coupon: | 7.125% per annum |
| | | Currency: | US\$ |
| | | ISIN: | USY20337AJ30 |
| United Overseas Bank Ltd | Singapore Corporate Reference Entity | Primary Obligor: | United Overseas Bank Ltd |
| | | Ranking: | Subordinated |
| | | Issue Date: | 30 August 2001 |
| | | Maturity Date: | 30 September 2016 |
| | | Coupon: | 4.95% per annum |
| | | Currency: | S\$ |
| | | ISIN: | SG5310894778 |
| Singapore Telecommunications Limited | Singapore Corporate Reference Entity | Primary Obligor: | Singapore Telecommunications Limited |
| | | Ranking: | Senior |
| | | Issue Date: | 20 November 2001 |
| | | Maturity Date: | 1 December 2011 |
| | | Coupon: | 6.375% per annum |
| | | Currency: | US\$ |
| | | ISIN: | USY79985AC46 |
| Oversea-Chinese Banking Corporation Limited | Singapore Corporate Reference Entity | Primary Obligor: | Oversea-Chinese Banking Corporation Limited |
| | | Ranking: | Subordinated |
| | | Issue Date: | 6 July 2001 |
| | | Maturity Date: | 6 September 2011 |
| | | Coupon: | 7.75% per annum |
| | | Currency: | US\$ |
| | | ISIN: | XS0132030759 |

In the event that a Reference Obligation is redeemed in full or otherwise ceases to be an Obligation (as defined in the Master Conditions) of a Reference Entity, the Determination Agent acting for and on behalf of the Issuer will identify one or more Obligations which preserve the economic equivalent of the delivery and payment obligations of the Issuer to be a substitute Reference Obligation. In practice, the substitute Reference Obligation will be the same as that selected by the calculation agent under the Swap Agreement. The substitute Reference Obligation will be an equivalent Obligation of such Reference Entity. The identity of such substitute Reference Obligation will not be known to prospective investors when they commit to purchase the relevant Series or Tranche of Notes.

14. Basket Companies and Relevant Stock Exchanges

| <u>Basket Company</u> | <u>Bloomberg Ticker</u> | <u>Relevant Stock Exchange</u> |
|---|-------------------------|--|
| Bank of America Corporation | BAC US | New York Stock Exchange |
| Citigroup Inc. | C US | New York Stock Exchange |
| DBS Group Holdings Ltd. | DBS SP | Singapore Exchange Securities Trading Ltd. |
| United Overseas Bank Ltd | UOB SP | Singapore Exchange Securities Trading Ltd. |
| Singapore Telecommunications Limited | ST SP | Singapore Exchange Securities Trading Ltd. |
| Oversea-Chinese Banking Corporation Limited | OCBC SP | Singapore Exchange Securities Trading Ltd. |

15. Base Currency US\$

Redemption provisions

| | |
|---|--|
| 16. Redemption Amount: | In respect of each Note, 100% of its Denomination |
| 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. Issuer Call Option: | Applicable The Issuer Call Option will only be exercised if the Swap Counterparty Option has been exercised. The Swap Agreement shall be terminated pursuant to the exercise of the Swap Counterparty Option without any termination payment being due from the Issuer or the Swap Counterparty. Pursuant to the terms of the Forward Agreement, if the Issuer Call Option is exercised in relation to the Notes, Security over the Underlying Assets will be automatically released and the Issuer will deliver to the Forward Counterparty the Underlying Assets in respect of the Notes, and the Forward Counterparty will pay to the Issuer a cash amount equal to the principal amount of the Underlying Assets. The Issuer will pay to the Swap Counterparty such cash amount it receives from the Forward Counterparty and the Swap Counterparty will pay to the Issuer an amount equal to the principal amount of the Notes plus any accrued interest up to the Call Redemption Date in respect of such Issuer Call Option to enable the Issuer to meet its obligations under the Notes. |

Interest

| | |
|--|--|
| 22. Interest Commencement Date (if different from Issue Date): | Issue Date |
| 23. Interest Basis: | Fixed |
| 24. Interest Payment Date(s): | Semi-annually in arrear on 6 January and 6 July in each year, commencing on 6 July 2008 up to and including the Scheduled Maturity Date, each date subject to adjustment in accordance with the Following Business Day Convention, provided that no adjustment shall be made to the Interest Amount as a result of such adjustment to an Interest Payment Date |

| | |
|--|---|
| 25. Fixed Rate Note Provisions | |
| (i) Fixed Rate of Interest: | Applicable [6.70][5.00] per cent. per annum from, and including, the first Interest Period to, and including, the Interest Period ending on the Scheduled Maturity Date (“ Year 1 to Year 5.5 ”) |
| (ii) Interest Amount: | [USD167.50][SGD125.00] per Note from Year 1 to Year 5.5 |
| (iii) Day Count Fraction: | 30/360 |
| (iv) Business Day: | As defined in the Master Conditions |
| (v) Other terms relating to the method of calculating interest for Fixed Rate Notes: | Not Applicable |
| 26. Floating Rate Note Provisions | Not Applicable |
| 27. Zero Coupon Note Provisions: | Not Applicable |
| 28. Index Note Provisions: | Not Applicable |
| Other | |
| 29. Unmatured Coupons to become void upon early redemption: | Not Applicable |
| 30. 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 |
| 31. Dual Currency Note Provisions: | Not Applicable |
| 32. Business Day Jurisdictions for Condition 8(g) (jurisdictions required to be open for payment): | Singapore, New York and London |
| 33. Details of any other additions or variations to the Conditions: | (a) So long as any Notes are represented by Global Notes, notices in respect of those Notes may be given by delivery of the relevant notice to entitled CDP account holders in substitution for publication in a daily newspaper with general circulation in Singapore. Condition 15 is hereby amended accordingly. (b) The definition of “Valuation Obligation Portfolio” shall be deleted and replaced with the following: “ Valuation Obligation Portfolio ” means, with respect to a Credit Event Redemption Amount and the Credit Event Entity, one or more Valuation Obligations of the Credit Event Entity as selected by the Swap Counterparty in its sole and absolute discretion on or before the relevant Valuation Date and having in aggregate Valuation Obligation Notional Amounts equal to the Base Currency equivalent of the outstanding principal amount of the Notes, converted at the exchange rate prevailing on or about the Fixing Date as determined by the Determination Agent acting, for and on behalf of the Issuer, in its sole and absolute discretion.] ¹⁰ |
| 34. Charged Assets: | |
| (a) Original Underlying Assets: | [insert details of Original Underlying Assets] [The Issuer will, if it determines (in consultation |

¹⁰ Only applicable to Tranche B

with the Determination Agent) that Synthetic CDO Securities satisfying the criteria below are available for investment by the Issuer, (i) in the case of Liquidity Funds or Certificates of Deposit, sell such Liquidity Funds or Certificates of Deposit (provided the amount at which such Liquidity Funds or Certificates of Deposit are sold is at or above their outstanding principal amount) and (ii) reinvest such Cash Deposits and/or the proceeds of such sale in Synthetic CDO Securities which are:

- (a) denominated in USD;
- (b) is rated at least AA or Aa2 by at least one of S&P, Moody's and/or Fitch;
- (c) is not subject to negative "CreditWatch" by S&P, is not subject to review for possible downgrade on Moody's "Watchlist" and is not subject to Fitch "Rating Watch" Negative;
- (d) is acceptable to the Swap Counterparty as a funding source for the obligations of the Issuer under the Swap Agreement; and
- (e) has a maximum maturity which falls on or prior to the Scheduled Maturity Date of the Notes.

Such Synthetic CDO Securities will then form part of the Underlying Assets.¹¹

(b) The criteria applicable to Eligible Investments:

Other than Cash Deposits, for which no additional criteria will apply, Eligible Investments (or the issuer(s) or obligor(s) thereof) must satisfy the following criteria on the date on which the Issuer makes investment therein:

- (a) any USD denominated securities, including Asset-Backed Securities and Credit Commodity Linked Securities, rated (or issued by an entity rated) at least "Aaa" or "P-1" by Moody's or any successor to the rating business thereof or at least "AAA" or "A-1" by S&P or any successor to the rating business thereof or at least "AAA" or "F1" by Fitch or any successor to the rating business thereof that have a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody's Watchlist or placed on "Rating Watch Negative" by Fitch, as applicable, at the time of its acquisition; and/or
- (b) any USD denominated Medium Term Notes, CDO Squared Securities or Synthetic CDO Securities rated at least "Aa2/P-1" by Moody's or at least "AA/A-1" by S&P or at least "AA/F1" by Fitch that have a scheduled

¹¹ Only applicable if Original Underlying Assets are not Synthetic CDO Securities

maturity date falling on or prior to the Scheduled Maturity Date of the Notes, and which are not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody's Watchlist or placed on "Rating Watch Negative" by Fitch, as applicable, at the time of its acquisition; and/or

- (c) any USD denominated Commercial Paper or Certificate of Deposit rated at least "P-1" by Moody's and/or at least "A-1" by S&P and/or at least "F1" by Fitch or issued by an entity rated at least "P-1" by Moody's and/or at least "A-1" by S&P and/or at least "F1" by Fitch, that has a scheduled maturity date falling on or prior to the Scheduled Maturity Date of the Notes and which is not subject to any negative CreditWatch of S&P, on review for possible downgrade on Moody's Watchlist or placed on "Rating Watch Negative" by Fitch, as applicable, at the time of its acquisition; and/or
- (d) any USD denominated Liquidity Fund, including, without limitation, any investment vehicle for which the Arranger, the Determination Agent, the Custodian or the Trustee, or an Affiliate of any of them, provides services, provided that at the time such investment is entered into, such fund has a money market fund rating of at least "Aaa/MR1+" by Moody's and/or at least "AAAm" by S&P and/or at least AAA/V1+ by Fitch, and that such fund distributes interest or dividends on such investment on a regular basis and at least quarterly.

(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:

- (a) 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);
- (b) 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;
- (c) Thirdly, rateably in meeting the claims (if any) of the Swap Counterparty under the Swap

Agreement, the Forward Counterparty under the Forward Agreement or the Equity Option Counterparty under the Equity Option 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 or the Forward Counterparty under the Forward Agreement, the Equity Option Counterparty under the Equity Option Agreement, as the case may be, and relating to sums receivable on the Underlying Assets);

- (d) Fourthly, rateably in meeting the claims (if any) of the holders of Notes and Coupons (as defined in the 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 Notes and/or Coupons); and
- (e) 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, the Swap Guarantee, the Forward Agreement, the Forward Guarantee and the Equity Option Agreement and any sums received thereunder;
- (iv) a first fixed charge in favour of the Trustee over (a) all sums received under the Swap Agreement, the Swap Guarantee, the Forward Agreement, the Forward Guarantee and the Equity Option Agreement; 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, the Swap Counterparty, the Forward Counterparty and the Equity Option 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 Credit Default Swap Transaction and the Asset Swap 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 which relate to the Notes comprise a credit default swap transaction (the “**Credit Default 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**”¹².

Pursuant to the terms of the Credit Default Swap Transaction the Issuer has agreed to sell credit protection to the Swap Counterparty in relation to the Reference Entities in a notional amount equal to the Principal Amount of the Notes against payment of a premium amount (the “**Credit Default Swap Premium**”) and the Issuer has agreed that

¹² The term “**Swap Agreement**” in this Pricing Statement other than in Appendices B and C means, in respect of a Series of Notes, the Swap Master Agreement together with the confirmations thereto which relate to such Series of Notes.

following the giving of notice of the occurrence of a Credit Event, it will pay to the Swap Counterparty an amount equal to the Liquidation Proceeds and the Swap Counterparty will pay an amount equal to the Credit Event Redemption Amount.

Furthermore, in connection with the issue of the Notes the Issuer has entered into the Asset Swap Transaction in a notional amount equal to the Principal Amount of the Notes pursuant to which (A) the Issuer has agreed to pay to the Swap Counterparty (i) an amount equal to all distributions in respect of interest or income receivable by the Issuer in respect of the Underlying Assets and (ii) an amount equal to the Credit Default Swap Premium and (B) the Swap Counterparty has agreed to pay to the Issuer (i) an amount equal to all amounts of interest due in respect of the Notes and (ii) an amount equal to the premium payable by the Issuer to the Equity Option Counterparty under the Equity Option Agreement.

(ii) Forward Agreement and the Forward Guarantee:

In connection with the issue of the Notes, the Issuer has also entered into, amongst other things, an ISDA Master Agreement (the “**Forward Master Agreement**”) dated 7 August 2006 between the Issuer and the Forward Counterparty which Forward Master Agreement benefits from a guarantee (the “**Forward 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 Forward Master Agreement. The confirmation to the Forward Master Agreement which relates to the Notes comprise a contingent forward transaction dated the Issue Date. The Forward Master Agreement together with the confirmation thereto which relates to the Notes are referred to herein as the “**Forward Agreement**”.

Pursuant to the terms of the contingent forward transaction, if an Issuer Call Option is exercised in relation to the Notes, the Issuer will deliver to the Forward Counterparty the Underlying Assets in respect of the Notes, and the Forward Counterparty will pay to the Issuer a cash amount equal to the principal amount of the Underlying Assets. The Issuer will pay to the Swap Counterparty such cash amount it receives from the Forward Counterparty and the Swap Counterparty will pay to the Issuer an amount equal to the principal amount of the Notes plus any accrued interest up to the Call Redemption Date in respect of such Issuer Call Option to enable the Issuer to meet its obligations under the Notes.

(iii) Equity Option Agreement and Forward Guarantee:

In connection with the issue of the Notes, the Issuer will enter into a confirmation in respect of an equity option transaction with Morgan Stanley & Co.

International plc (formerly known as Morgan Stanley & Co. International Limited) (in this capacity, the “**Equity Option Counterparty**”). In respect of this Series, the Issuer has executed certain confirmations with the Equity Option Counterparty which incorporate the terms of a master agreement on the terms of the Forward Master Agreement. The confirmations in respect of an equity option transaction which relates to the Notes together with the Forward Master Agreement are together referred to herein together as the “**Equity Option Agreement**”. The obligations of the Equity Option Counterparty will be guaranteed by the Swap Guarantor pursuant to the Forward Guarantee.

The Equity Option Agreement shall be a “Related Agreement” under the Master Conditions.

Under the Equity Option Agreement, (a) the Issuer will on the Issue Date pay or procure to be paid to the Equity Option Counterparty a premium the amount of which will be determined on or prior to the Issue Date in respect of the equity option transaction in connection with the Notes; and (b) if the Equity Bonus Condition is fulfilled in respect of an Equity Bonus Payment Date, the Equity Option Counterparty will pay the Issuer an amount equal to any Equity Bonus Payment due to be paid by the Issuer on the Notes, to enable the Issuer to meet its payment obligations on such Equity Bonus Payment Date under the Notes.

Each of the Swap Agreement, the Forward Agreement and the Equity Option 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, the Forward Agreement or the Equity Option Agreement, as the case may be, including:
 - (i) the failure of the other party to pay any amount due and payable under the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be, and such failure continues for one Business Day (as defined in the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be);
 - (ii) non-compliance by the Swap Guarantor with any of its obligations under the Swap Guarantee or the Forward Guarantee, as the case may be, or the ceasing of the Swap Guarantee or the Forward Guarantee (as the case may be)

- to be in full force and effect;
- (iii) the merger of either party 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, or the Forward Agreement or the Forward Guarantee or the Equity Option Agreement, as the case may be;
- (b) on the occurrence of certain "Termination Events" under the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be, including:
 - (i) it becoming illegal for either party to perform its obligations under the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be, or for the Swap Guarantor to perform its obligations under the Swap Guarantee or the Forward Guarantee, as the case may be;
 - (ii) if (subject as provided in the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be) withholding taxes are imposed on payments made by the Issuer, the Swap Counterparty, the Forward Counterparty or the Equity Option Counterparty under the Swap Agreement and/or the Forward Agreement and/or the Equity Option Agreement, as the case may be, which is not avoided by a transfer by the Affected Party (as defined in the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be) of its rights and obligations on terms provided in the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be;
 - (iii) when the Notes become repayable in whole prior to the Scheduled Maturity Date (other than as a result of the occurrence of a Credit Event or as a result of the exercise of an Issuer Call Option or Swap Counterparty Option);
 - (c) where a Credit Event has occurred, the Asset Swap Transaction, the Forward Agreement and the Equity Option Agreement will terminate on the Event Determination Date; and
 - (d) upon the exercise by the Issuer of the Issuer

Call Option, or the exercise by the Swap Counterparty of a Swap Counterparty Option, the Asset Swap Transaction, the Credit Default Swap Transaction and the Equity Option Agreement will terminate on the immediately following Interest Payment Date.

Consequences of Early Termination:

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

Further, under the terms of the Swap Agreement, the Forward Agreement and the Equity Option Agreement, termination payments will not be payable following termination as a result of the exercise by the Issuer of an Issuer Call Option, the exercise by the Swap Counterparty of a Swap Counterparty Option, or the occurrence of an Event Determination Date (save in respect of any amounts which should have been paid prior to the date of termination and which remain unpaid).

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, the Forward Agreement or the Equity Option Agreement, as the case may be, and the termination payment would typically (but not necessarily) take into account the market value of the terminated Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be, 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, the Forward Agreement or the Equity Option Agreement, as the case may be.

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/Forward Counterparty/ Equity Option Counterparty or the Issuer, as the case may be, due to the termination of the Swap Agreement, the Forward Agreement or the Equity Option Agreement, as the case may be, 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.

- | | |
|---|--|
| (iv) Exercise of Morgan Stanley Exchange Option: | Following an exercise of the Morgan Stanley Exchange Option by Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) in respect of any Notes, a <i>pro rata</i> amount of the Swap Agreement, the Forward Agreement and the Equity Option Agreement corresponding in each case to that proportion of the Notes to be exchanged will be terminated without any termination payment due from either party to the other thereunder. |
| (v) Cancellation following an Extraordinary Event | Following the occurrence of an Extraordinary Event, the equity option transaction under the Equity Option Agreement may be cancelled. No termination amounts will be payable under the Equity Option Agreement from either party to the other following such cancellation other than, in certain circumstances, a cancellation payment as described in Condition 6(n) in Annex 1. |
| (f) Parties to Related Agreements (other than Issuer): | Morgan Stanley Capital Services Inc. (the “ Swap Counterparty ”) in respect of the Swap Agreement and Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) (the “ Forward Counterparty ” and “ Equity Option Counterparty ” respectively) in respect of each of the Forward Agreement and Equity Option Agreement. |
| (g) Specify any other Charged Assets: | Not Applicable |
| 35. Exchange: Global Note/Global Certificate exchangeable for Definitive Bearer/Registered Notes: | Yes, but only in the limited circumstances set out in the Global Note. |
| 36. Details of any additions or variations to the Programme Agreement: | None |
| 37. Listing: | None |
| 38. Clearing System(s): | The Central Depository (Pte) Limited (with a link to the Euroclear system) |
| 39. Depository: | The Central Depository (Pte) Limited |
| 40. Common Code: | [•] |
| 41. ISIN Code: | [•] [•] |

42. 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
43. Registrar: Not Applicable
44. Principal Paying Agent, and Calculation Agent: The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay
#14-01
Singapore 049320
Fax: +65 6532 4977/+65 6225 3770
Attention:
Head of Corporate Trust and Loan Agency
45. Determination Agent/Settlement Agent/Market Agent: Morgan Stanley & Co. International plc
(formerly known as Morgan Stanley & Co. International Limited)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom
Fax: +44 (0) 20 7677 7990
Attention: Structured Credit Group
With copies to:
Morgan Stanley & Co. International plc
(formerly known as Morgan Stanley & Co. International Limited)
c/o Morgan Stanley Dean Witter Asia Limited
30/F, Three Exchange Square, Central Hong Kong
Fax: +852 2848-5986
Attention: Structured Credit Group

Responsibility

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

Signed by a director of the Issuer:

By: _____

Date: _____

ANNEX 1
SPECIAL CONDITIONS

The Master Conditions for First-to-Default Note Type set out in the 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) Related Agreements, Underlying Assets and Security

Condition 4(a) is amended to read as follows:

“(a) Related Agreements

In connection with the Notes of any Series, the Issuer may enter into a Swap Agreement with the Swap Counterparty and/or a Forward Agreement with the Forward Counterparty and/or an Equity Option Agreement with an Equity Option Counterparty, which may be guaranteed by the Swap Guarantor under the terms of the Swap Guarantee or the Forward Guarantee, as applicable (each a **“Related Agreement”**).”

(B) The following shall be inserted as Condition 6(n) (Equity Bonus Payment):

“(n) Equity Bonus Payment

(i) On each Equity Bonus Payment Date, the Issuer will pay the holders of the Notes an Equity Bonus Payment Amount provided that:

- (1) the Equity Bonus Condition is fulfilled in respect of that Equity Bonus Payment Date;
- (2) no notice of the occurrence of a Credit Event has been provided, and no Mandatory Redemption Event nor Event of Default has occurred on or before such Equity Bonus Payment Date; and
- (3) the Issuer has not exercised an Issuer Call Option in respect of the Notes relating to an Interest Payment Date occurring before such Equity Bonus Payment Date;

each such payment being the “Equity Bonus Payment”.

(ii) The Issuer shall use its best efforts to give notice to the Noteholders in accordance with Condition 15, by no later than the fifth (5th) Business Day before each Equity Bonus Payment Date, whether any Equity Bonus Payment will be paid on such Equity Bonus Payment Date.

(iii) In addition, if, following the occurrence of an Extraordinary Event, the equity option transaction under the Equity Option Agreement in respect of the Notes is cancelled and a cancellation payment is paid by the Equity Option Counterparty to the Issuer in connection with such termination, the Issuer shall pay to the Noteholders a *pro rata* amount of such cancellation payment on the fifth Business Day following the delivery of the Cancellation Notice (such payment, a **“Final Equity Bonus Payment”**). No cancellation payment is payable by the Equity Option Counterparty to the Issuer and accordingly no amount will be payable by the Issuer to the holders of the Notes in connection with the termination of the Equity Option Agreement as a result of the exercise of an Issuer Call Option in respect of the Notes.

(iv) If an Equity Bonus Payment Date is not a Business Day, then payment of the Equity Bonus Payment due on that day will be made on the next following Business Day. No adjustment will be made to the amount of Equity Bonus Payment payable in the event of such a postponed payment.

(v) The **“Equity Bonus Condition”** will be fulfilled in respect of that Equity Bonus Payment Date if the Determination Agent, acting for and on behalf of the Issuer, determines (in its sole discretion) that with respect to the Observation Dates immediately preceding such Equity Bonus Payment Date, the Final Price of each Share is equal to or greater than its Target Price. However, if the Final Price of any one or more Shares is less than its or their respective Target Price(s), the Equity Bonus Condition shall not be fulfilled in respect of that Equity Bonus Payment Date. The Equity Bonus Condition shall also not be fulfilled with respect to each Equity Bonus Payment Date falling on or after the date of a Cancellation Notice given following the occurrence of an Extraordinary Event.

(vi) If, in respect of any Basket Company, an Extraordinary Event occurs on or prior to the Maturity Date, the Determination Agent, acting for and on behalf of the Issuer, may either (i)(1) make such adjustment to the terms of the Notes in respect of the Equity Bonus Payment (including replacing one or more original Basket Companies with another or other entities and/or amending the Target Price of the Shares of one or more Basket Companies) as the Determination Agent, acting for and on behalf of the Issuer, determines appropriate to take into account the economic effect of such Extraordinary Event (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Equity Option Agreement); and (2) determine the effective date of that adjustment; or (ii) in its sole discretion determine that the Equity Bonus Payment shall forthwith cease to be payable (the notice referred to below to the Noteholders holding the Notes in respect of such determination in accordance with Condition 15, a “Cancellation Notice”). With effect from the date of such Cancellation Notice, the Equity Bonus Condition shall be deemed not to be fulfilled in respect of each Equity Bonus Payment Date falling on or after the date of such Cancellation Notice.

The Determination Agent, acting for and on behalf of the Issuer, may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Extraordinary Event, made by an options exchange to options on the relevant Shares traded on such options exchange.

The Issuer shall, as soon as practicable following the occurrence of an Extraordinary Event notify the Distributors (who will then notify the Noteholders holding the Notes) of any determinations and/or adjustments (including the details of such Extraordinary Event and the details and the effective date of such adjustments) as the case may be in accordance with Condition 15.

(vii) If, following each Potential Adjustment Event, the Determination Agent, acting for and on behalf of the Issuer, determines in its sole and absolute discretion that such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share, it will in its sole and absolute discretion determine the appropriate adjustment, if any, to be made to the terms of the Notes in respect of the Equity Bonus Payment (including the Target Price of the relevant Share) to account for the diluting or concentrative effect of the Potential Adjustment Event, such adjustment to be effective as of the date determined by the Determination Agent, acting for and on behalf of the Issuer.

The Determination Agent, acting for and on behalf of the Issuer, may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on such options exchange.

The Determination Agent, acting for and on behalf of the Issuer, shall, as soon as practicable following the occurrence of a Potential Adjustment Event notify the Distributors (who will then notify the holders of the Notes) in accordance with Condition 15 of any determinations and/ or adjustments (including the details of such Potential Adjustment Event and the details and the effective date of such adjustments) as the case may be.

(viii) The following defined terms shall have the meanings set out below:-

“**Basket Company**” means each of the Basket Companies specified in the Pricing Supplement, provided that the identities of these Basket Companies may be subject to substitution by the Determination Agent, acting for and on behalf of the Issuer, in its sole and absolute discretion following the occurrence of an Extraordinary Event.

“**Change in Law**” means that, on or after the Issue Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Determination Agent, acting for and on behalf of the Issuer, determines in good faith that (1) it has become illegal to hold, acquire or dispose of the Shares of any Basket Company, or (2) either the Equity Option Counterparty or the Issuer will incur a materially increased cost in performing its obligations under the Equity Option Agreement (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**Closing Price**” means, in respect of a Share, the official closing share price of the Share on the Relevant Stock Exchange.

“**Delisting**” means that, in respect of the Shares of a Basket Company, the Relevant Stock Exchange in respect of such Shares announces that pursuant to the rules of such Relevant Stock Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on such Relevant Stock Exchange for any reason (other

than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Relevant Stock Exchange (or, where the Relevant Stock Exchange is within the European Union, in any member state of the European Union).

“Disrupted Day” means any Scheduled Trading Day on which a Relevant Stock Exchange or Related Exchange fails to open for trading during its regular trading sessions or on which a Market Disruption Event has occurred.

“Early Closure” means the closure on any Exchange Business Day of the Relevant Stock Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Relevant Stock Exchange or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Relevant Stock Exchange or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Relevant Stock Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

“Equity Bonus Payment Amount” means [USD200.00] [SGD200.00] per Note in respect of an Equity Bonus Payment payable on an Equity Bonus Payment Date (other than the Equity Bonus Payment Date falling on the Scheduled Maturity Date), and [USD100.00] [SGD100.00] per Note in respect of an Equity Bonus Payment payable on the Equity Bonus Payment Date falling on the Scheduled Maturity Date.

“Equity Bonus Payment Date” means 6 July in each year, commencing on 6 July 2008 up to, and including, 6 July 2012 and the Scheduled Maturity Date or, if applicable, (in the case of notice of the occurrence of a Credit Event being given to Noteholders or a Mandatory Redemption Event or an Event of Default occurring) the Equity Bonus Payment Date immediately preceding the date upon which notice is given to the Noteholders of the occurrence of a Credit Event or, as the case may be, the date upon which the Mandatory Redemption Event occurs or, as the case may be, the date upon which the Event of Default occurs or (in the case of the exercise of an Issuer Call Option in respect of the Notes) (where an Equity Bonus Payment Date falls on the Interest Payment Date on which such Issuer Call Option is exercised) the Equity Bonus Payment Date on which such Issuer Call Option is exercised or (where an Equity Bonus Payment Date does not fall on the Interest Payment Date on which such Issuer Call Option is exercised) the Equity Bonus Payment Date immediately preceding the Interest Payment Date on which such Issuer Call Option is exercised.

“Exchange Business Day” means any Scheduled Trading Day on which the Relevant Stock Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Relevant Stock Exchange or Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent, acting for and on behalf of the Issuer) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Relevant Stock Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any Related Exchange.

“Extraordinary Event” means the occurrence of any of a Merger Event, a Tender Offer, a Nationalization, an Insolvency, a Delisting or a Change in Law.

“Final Price” means, in relation to each Equity Bonus Payment Date and in respect of each Share, the arithmetic mean of the Closing Prices of such Share on the Observation Dates immediately preceding such Equity Bonus Payment Date, rounded to two decimal places (with USD0.005 or SGD0.005 (as applicable) and above being rounded upward).

“Initial Spot Price” means, in respect of a Share of a Basket Company, the Closing Price of such Share on the Target Price Fixing Date.

“Insolvency” means that, in respect of a Basket Company, by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting such Basket Company, (i) all the Shares of that Basket Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company become legally prohibited from transferring them.

“Market Disruption Event” means, in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Determination Agent (acting for and on behalf

of the Issuer) determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure.

“Merger Date” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Determination Agent, acting for and on behalf of the Issuer.

“Merger Event” means, in respect of the Shares of a Basket Company, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Basket Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Basket Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries with or into another entity in which the Basket Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a “Reverse Merger”), in each case if the Merger Date is on or before the final Observation Date.

“Nationalization” means that, in respect of a Basket Company, all the Shares of such Basket Company or all or substantially all the assets of such Basket Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“Observation Dates” means the sixteenth (16th) Business Day prior to each Equity Bonus Payment Date (the “First Observation Date”) and the two Business Days following the First Observation Date (or, if any such date is not a Scheduled Trading Day, such date will be postponed to the next following Scheduled Trading Day), provided that if any such day is a Disrupted Day, then such Observation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date, and such Observation Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the five (5) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day. In that case, (i) that fifth (5th) Scheduled Trading Day shall be deemed to be the Observation Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Determination Agent, acting for and on behalf of the Issuer, shall determine its good faith estimate of the value for that Share as of the Valuation Time of the Relevant Stock Exchange on that fifth (5th) Scheduled Trading Day.

“Potential Adjustment Event” means the declaration by a Basket Company of the terms of any of the following:

(i) a subdivision, consolidation or reclassification of the relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution, issue or dividend to existing holders of the relevant Shares of (1) such Shares or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company equally or proportionately with such payments to holders of such Shares or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Determination Agent, acting for and on behalf of the Issuer;

(iii) an extraordinary dividend (where the characterization of a dividend or portion thereof as an extraordinary dividend shall be determined by the Determination Agent, acting for and on behalf of the Issuer, in its sole and absolute discretion);

(iv) a call by the Basket Company in respect of the relevant Shares that are not fully paid;

(v) a repurchase by the Basket Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) in respect of the Basket Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Basket Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Determination Agent, acting for and on behalf of the Issuer, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

(vii) any other event that may have a diluting or concentrative effect on the theoretical value of such Shares.

“Related Exchange” means, in respect of a Share, each primary exchange on which options or futures on the relevant Share are traded, any successor to such exchange or any substitute exchange or quotation system to which trading in futures or option contracts relating to such Share has temporarily relocated (provided that the Determination Agent, acting for and on behalf of the Issuer, has determined that there is comparable liquidity relative to the futures or option contracts relating to such Share on such temporarily substitute exchange or quotation system as on the original Related Exchange).

“Relevant Stock Exchange” means, in respect of each Basket Company, the Relevant Stock Exchange specified in relation to that Basket Company in the Pricing Supplement, any successor to such exchange or any substitute exchange or quotation system to which trading in the Share of such Basket Company has temporarily relocated (provided that the Determination Agent, acting for and on behalf of the Issuer, has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Relevant Stock Exchange).

“Scheduled Closing Time” means, in respect of a Relevant Stock Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Relevant Stock Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“Scheduled Observation Date” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

“Scheduled Target Price Fixing Date” means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Target Price Fixing Date.

“Scheduled Trading Day” means any day on which the respective Relevant Stock Exchange and Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

“Share” means, in respect of a Basket Company, an ordinary share of such Basket Company.

“Target Price” means, in respect of a Share of a Basket Company, 110% of the Initial Spot Price of such Share, rounded to two decimal places (with USD0.005 or SGD0.005 (as applicable) and above being rounded upwards).

“Target Price Fixing Date” means the Fixing Date (or, if the Fixing Date is not a Scheduled Trading Day, the Target Price Fixing Date will be postponed to the next following Scheduled Trading Day), provided that if any such day is a Disrupted Day, then the Target Price Fixing Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Target Price Fixing Date, and such Target Price Fixing Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Target Price Fixing Date is a Disrupted Day. In that case, (i) that eighth (8th) Scheduled Trading Day shall be deemed to be the Target Price Fixing Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Determination Agent, acting for and on behalf of the Issuer, shall determine its good faith estimate of the value for that Share as of the Valuation Time of the Relevant Stock Exchange on that eighth (8th) Scheduled Trading Day.

“Tender Offer” means, in respect of a Basket Company, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Basket Company, as determined by the Determination Agent, acting for and

on behalf of the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Determination Agent, acting for and on behalf of the Issuer, deems relevant.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the Relevant Stock Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or Related Exchange or otherwise (i) relating to the Share on the Relevant Stock Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time on the Relevant Stock Exchange on the relevant Observation Date in relation to the Share to be valued.

(C) Redemption, Purchase and Exchange

(i) The definition of “Swap Settlement Amount” in Condition 7(b) is amended to read as follows:

“**Swap Settlement Amount**” means the early termination amount or close out payment (as determined by the Swap Counterparty, the Forward Counterparty or the Equity Option Counterparty, as the case may be) receivable or payable (expressed as a negative amount) by the Swap Counterparty, Forward Counterparty or Equity Option Counterparty or the Issuer under the Swap Agreement, Forward Agreement or Equity Option Agreement, as the case may be, which has terminated early or otherwise closed out (other than as a result of the exercise by the Swap Counterparty of the Swap Counterparty Option, the exercise of the Issuer of the Issuer Call Option, the exercise by Morgan Stanley & Co. International plc (formerly known as Morgan Stanley & Co. International Limited) of the Morgan Stanley Exchange Option, or in the case of the Equity Option Agreement, as a result of an Extraordinary Event).

(ii) The second paragraph of Condition 7(c)(iii) is amended to read as follows:

“The “**Early Redemption Amount**” means an amount equal to the Liquidation Proceeds (as defined above) of the Underlying Assets and/or any proceeds received in respect of the Underlying Assets (including any amounts received as a direct result of the reduction or writedown in the principal amount of the Underlying Assets) on or prior to the Early Redemption Date plus or minus (as the case may be) the Swap Settlement Amount payable by the Swap Counterparty and/or the Forward Counterparty and/or the Equity Option Counterparty or the Issuer (as the case may be) on the termination of the Swap Agreement and/or the Forward Agreement and/or the Equity Option Agreement, as the case may be. Such Liquidation Proceeds will be subject to certain deductions relating to the costs and expenses associated with the sale of the Underlying Assets.”

(iii) Condition 7(c)(i)(B) is amended to read as follows:

“(B) (other than a cancellation of the Equity Option Agreement as contemplated in Condition 6(n), or as contemplated in Conditions 7(d), 7(g), 7(h), 7(i) and 7(j)), any Related Agreement in relation to such Series is terminated and is not replaced on or prior to such termination to the satisfaction of the Trustee; or”.

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