

**PRICING SUPPLEMENT  
SERIES 6, TRANCHE B**

6 July 2007

**PINNACLE PERFORMANCE LIMITED**

**PRICING SUPPLEMENT**

relating to  
Series 6 ("this Series")

SGD Fixed Rate First-to-Default Credit-Linked Notes due 2013  
("Tranche B Notes" and in this Pricing Supplement, the "Notes")

pursuant to its Structured Note Programme

arranged by

**MORGAN STANLEY ASIA (SINGAPORE) PTE. (formerly known as Morgan Stanley Dean Witter Asia  
(Singapore) Pte.)**

The Notes shall have the terms and conditions set out as the 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 B Notes are as follows:

- |                               |  |
|-------------------------------|--|
| 1. Issuer:                    | Pinnacle Performance Limited   |
| 2. Arranger:                  | Morgan Stanley Asia (Singapore) Pte.   |
| 3. (i) Series No:             | 6  |
| (ii) Tranche:                 | B  |
| <b>Terms of Series</b>        |  |
| 4. Note Type:                 | First-to-Default Note Type   |
| 5. Relevant Currency:         | Singapore dollars ("S\$" or "SGD")   |
| 6. Principal Amount:          | S\$55,700,000  |
| 7. Form of the Notes:         | Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note. The Permanent Global Note will be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note. |
| 8. U.S. Selling Restrictions: | Reg. S Compliance Category; TEFRA D  |
| Status:                       | Secured and limited recourse obligations of the Issuer, secured as provided below  |
| 9. Denominations:             | 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  |
| 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: Ranking: Issue Date:	Bank of America Corporation Senior 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\$  |
| <b>Redemption provisions</b>              |   |
| 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:  
20. Issuer Call Option:

Condition 7(d) shall not apply  
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):  
22. Interest Basis:  
23. Interest Payment Date(s):

Issue Date

Fixed

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**  
(i) Fixed Rate of Interest:

Applicable

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:

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  
26. Zero Coupon Note Provisions  
27. Index Note Provisions

Not Applicable

Not Applicable

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.
33. Charged Assets:
- (a) Original Underlying Assets: USD69,900,000 Floating Rate Notes due 2012 issued by Morgan Stanley ACES SPC, acting for the account of the Series 2007-26 Segregated Portfolio (ISIN: USG62632AA55)
- (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 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/MRI+" 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**".

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 amounts of interest due in respect of the Notes.

(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.

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:

030899954

40. ISIN Code:

SG7M06934347

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 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 duly appointed attorney of the Issuer:

By: Mr Ng Chee Keun

Date: 6/7/07