

PINNACLE NOTES

SERIES 9 AND 10

FREQUENTLY ASKED QUESTIONS

14 NOVEMBER 2008

These Frequently Asked Questions have been prepared by Pinnacle Performance Limited for the distributors of the Pinnacle Notes, Series 9 and 10 in Singapore. Any questions from investors should be raised with the institution who sold them the Notes in Singapore.

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

1. Which Pinnacle Notes are affected?

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

<i>Series</i>	<i>Notes</i>	<i>Issue Date</i>
Pinnacle Performance Limited Series 9	SGD Fixed Rate First-to-Default Credit-Linked Notes due 2013	14 December 2007
Pinnacle Performance Limited Series 10	SGD Fixed Rate First-to-Default Credit-Linked Notes with Equity Bonus Coupon due 2013	14 December 2007

2. What has happened to the Notes?

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

The Underlying Assets were rated "AA" as at the issue date of the Notes by Standard and Poor's, the internationally recognised rating agency. As a result of the recent unprecedented events in the financial markets, the rating of the Underlying Assets was recently downgraded by Standard and Poor's to "CCC-".

3. Why did a Principal Writedown occur?

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

- Federal Home Loan Mortgage Corporation;
- Federal National Mortgage Association;
- Lehman Brothers Holdings Inc.;
- Kaupthing banki hf.; and
- Landsbanki Islands hf.

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

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

On 11 November 2008, the Swap Counterparty for the Notes, Morgan Stanley Capital Services, Inc., notified the Issuer of the Notes that a Principal Writedown had occurred in relation to the Underlying Assets. Thereafter the Notes became subject to mandatory early redemption as set out in the offering documents for the Notes and as summarised below.

As set out in the offering documents for the Notes, following the Principal Writedown of the Underlying Assets, The Hongkong and Shanghai Banking Corporation Limited, being the Custodian for the Notes and acting as agent for the Issuer, will arrange for and administer the sale of the Underlying Assets in accordance with the terms of the Notes and thereafter the early redemption amount of the Notes will be calculated as further set out below.

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

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

- a) the proceeds of the sale of the Underlying Assets by the Custodian acting as agent of the Issuer; minus
- b) the costs, expenses and disbursements associated with the sale of the Underlying Assets; plus or minus, as the case may be
- c) any payments which are owed by the Issuer to the Swap Counterparty (which will reduce the early redemption amount) or by the Swap Counterparty to the Issuer (which will increase the early redemption amount), as the case may be, under the credit default swap transaction which the Issuer entered into on the issue date of

- the Notes (as described in the offering documents) as a consequence of the early termination of that credit default swap transaction following the occurrence of the mandatory redemption event; minus
- d) any amounts owed by the Issuer to any priority secured creditors in relation to the Notes, including The Central Depository (Pte) Limited (the clearing system for the Notes), the Trustee, the Custodian, the Principal Paying Agent for the Notes and the Administrator of the Issuer.

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

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

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

Given the current market values of the Underlying Assets and the credit default swap transaction, we anticipate that investors will lose all of their original principal investment.

7. When will the Notes be redeemed?

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

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

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

9. Who can answer any questions I may have?

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

Distributor	Contact Number
DMG & Partners Securities Pte Ltd	6538 3773
Hong Leong Finance Limited	1800 800 8000
Kim Eng Securities Pte. Ltd.	6226 0300
OCBC Securities Private Limited	6438 4775
UOB Kay Hian Pte Ltd	6536 9338

IMPORTANT NOTICE

This document is a summary of some of the terms of the Notes which are relevant to the questions above and is subject to the full terms of the Notes which are described in the relevant offering documentation in respect of the Notes. Investors should refer to the Base Prospectus (including the Annex for First-to-Default Notes) dated 7 August 2006, the Supplementary Base Prospectuses dated 24 April 2007 and 13 August 2007, the Pricing Statement dated 25 October 2007 and the Supplementary Pricing Statement dated 7 November 2007 produced by the Issuer in relation to the offering of the relevant Notes (the offering documents for the Notes) for further information. These documents and certain other documents in relation to the Notes can be viewed on the following website: www.morganstanley.com/pinnaclenotes.

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