

PINNACLE PERFORMANCE LIMITED

To the Distributors of the Notes:

Hong Leong Finance Limited

UOB Kay Hian Pte Ltd

RHB Bank Berhad

DBS Vickers Securities (Singapore) Pte Ltd

OCBC Securities Private Limited

Pinnacle Notes Series 2

USD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (ISIN: SG7J65932211) ("Tranche A Notes")

SGD Fixed Rate First-to-Default Credit-Linked Notes due 2012 (ISIN: SG7J66932228) ("Tranche B Notes")

(each a "Tranche" and the notes of any or all Tranches, the "Notes") issued by Pinnacle Performance Limited pursuant to its U.S.\$5,000,000,000 Structured Note Programme (the "Programme")

We are writing to you because of recent market events. As previously, although we are under no obligation to provide information in respect of the Notes or the Underlying Assets beyond that specified in the Prospectus, in the present exceptional circumstances we believe it may be helpful to write to all Distributors to provide certain information relating to the Notes and the Underlying Assets. We would encourage you to provide this information to your customers who invested in the Notes.

Since we sent our previous notice to you in relation to the Notes on 9 March 2010, a credit event has occurred in respect of Ambac Financial Group, Inc. Whilst this is not a Reference Entity under the Notes, it is a reference entity under the Underlying Assets.

As of the date of this notice, the occurrence of this credit event has not resulted in a Mandatory Redemption Event in relation to the Notes. However it is likely that a Mandatory Redemption Event may shortly occur as a result of this credit event. We will provide you with further information if and when that eventuates.

If you have any questions or queries regarding this notice or the Notes, please consult your own legal, tax, accountancy or other professional adviser as you may see fit.

Capitalised terms used but not otherwise defined in this notice or otherwise specified shall have the meanings ascribed thereto in the Pricing Statement relating to the Tranche A Notes and the Tranche B Notes, both dated 21 November 2006 (the "**Pricing Statements**") or the Private Placement Memorandum Supplement of the Underlying Assets dated 20 November 2006 (the "**PPMS**"). The Pricing Statements, the PPMS and certain other documents and information in relation to the Notes can be viewed on the following website: www.morganstanley.com/pinnaclenotes.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M Randall'.

PINNACLE PERFORMANCE LIMITED

By: **Marc Randall**
Director

14 December 2010