

## VICTORIA PEAK INTERNATIONAL FINANCE LIMITED

To the Distributor of the Notes:

Bank of China (Hong Kong) Limited	Chong Hing Bank Limited
Bank of Communications Co., Ltd. Hong Kong Branch	Nanyang Commercial Bank, Limited Shanghai Commercial Bank Limited
Chiyu Banking Corporation Limited	Tai Fook Securities Co. Ltd.
CITIC Ka Wah Bank Limited	Wing Hang Bank, Ltd.
Core Pacific-Yamaichi International (H.K.) Limited	Wing Lung Bank Limited
ICEA Securities Ltd.	

### Octave Notes Series 6

**USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 (ISIN: XS0227301420) ("Tranche A Notes")**

**USD Credit-Linked Secured Callable Fixed Rate with Equity Bonus Coupon Notes due 2011 (ISIN: XS0227301263) ("Tranche B Notes")**

**HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 (ISIN: XS0227300703) ("Tranche C Notes")**

**HKD Credit-Linked Secured Callable Fixed Rate with Equity Bonus Coupon Notes due 2011 (ISIN: XS0227301859) ("Tranche D Notes")**

**(each a "Tranche" and the notes of any or all Tranches, the "Notes") issued by Victoria Peak International Finance Limited pursuant to its Retail Note Programme (the "Programme")**

We refer to our notice to distributors of the Notes informing you of recent credit events which have occurred in relation to the Underlying Securities for the Notes.

We are now in a position to provide you with further written information on the consequences of those credit events. As previously, although we are under no obligation to provide information in respect of the Notes or the Underlying Securities beyond that specified in the Offering Documents, in the present exceptional circumstances we believe it may be helpful to write to all Distributors to provide this further information.

As at the date of this notice, the Underlying Securities for the Notes consist of Series 2005-18 Secured Floating Rate Notes due 2011 issued by Morgan Stanley ACES SPC acting for the account of the Series 2005-18 Segregated Portfolio (the "**Underlying Securities**"). The Underlying Securities are CDO Squared Securities referenced to the Master Swap Transaction which references two credit default basket reference transactions (one specifying 99 High Yield Corporate Reference Entities and one specifying 125 Investment Grade Corporate Reference Entities, each referred to as a "**Reference Transaction**"), each as defined and further described in the Private Placement Memorandum Supplement of the Underlying Securities dated 15 June 2005 (the "**PPMS**").

Since the issue date of the Underlying Securities, Credit Events have occurred in respect of:

- Federal National Mortgage Association;
- Federal Home Loan Mortgage Corporation;
- Washington Mutual, Inc.;
- Dana Corporation;
- Calpine Corporation;
- Delphi Corporation;
- Dura Automotive Systems, Inc.;
- Tembec Industries Inc.

Whilst these are not Companies under the Notes, they are Reference Entities under the Reference Transactions which are referenced by the Master Swap Transaction for the Underlying Securities.

As at the date of this notice, the occurrence of these Credit Events has not resulted in an Underlying Securities Default Event or an Early Redemption Event in relation to the Notes. The Issuer can give no assurance as to whether an Underlying Securities Default Event or an Early Redemption Event will or will not occur in relation to the Notes in the future.

We have set out in Part A of the Annex below the following information in relation to the loss calculations in respect of the two Reference Transactions following the occurrence of the Credit Events referred to above: (a) the relevant Reference Entities which were referenced under each Reference Transaction; (b) the Reference Entity Notional Amount which applies to each Reference Entity; (c) the Weighted Average Final Price and the Loss Amount in respect of each of the Credit Events referred to above for each Reference Transaction; and (d) the Aggregate Loss Amount in respect of each Reference Transaction, in each case as at the date of this notice. As set out in the PPMS for the Underlying Securities, the Loss Amount with respect to a Credit Event is equal to (100% minus the Weighted Average Final Price for that Credit Event) multiplied by the Reference Entity Notional Amount for that Reference Entity.

We have set out in Part B of the Annex below, as at the date of this notice:

- a) the Aggregate Loss Amounts under each Reference Transaction, being the sum of the Loss Amounts determined in respect of each of the Credit Events which have occurred in relation to each Reference Transaction since the issue date of the Underlying Securities; and
- b) the remaining threshold amount of each Reference Transaction (also sometimes referred to as the remaining subordination amount) after taking into account the occurrence of the Credit Events in respect of the above Reference Entities and the related loss calculations.

For your convenience, we have also set out in Part B of the Annex below the Loss Threshold Amount for each Reference Transaction.

Taking into account the Credit Events which have occurred in relation to each Reference Transaction since the issue date of the Underlying Securities, as at the date of this notice, the

Total Loss Amount under the Master Swap Transaction is USD4,410,898. The remaining subordination amount (also sometimes referred to as the remaining threshold amount) of the Master Swap Transaction as at the date of this notice is USD122,103,602 (being the difference between the Subordination Amount of USD126,514,500 and the Total Loss Amount of USD4,410,898). For your convenience, we have set out in Part C of the Annex below the Subordination Amount for the Master Swap Transaction in respect of the Underlying Securities (which is extracted from the PPMS for the Underlying Securities) and the Total Loss Amount for the Master Swap Transaction as at the date of this notice.

We attach a set of Frequently Asked Questions in relation to the contents of this notice which will be posted on the following website: [www.morganstanley.com/octavenotes](http://www.morganstanley.com/octavenotes). We would encourage you to provide the information contained in this notice and the Frequently Asked Questions to your customers who invested in the Notes.

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 Issue Prospectus relating to the Notes dated 12 July 2005 or the PPMS.

Yours faithfully



**VICTORIA PEAK INTERNATIONAL FINANCE LIMITED**

By:

8 December 2008

**Kareem Robinson**  
Director

OCTAVE NOTES SERIES 6

ANNEX TO NOTICE TO DISTRIBUTORS DATED 8 DECEMBER 2008

Part A

The Reference Transactions under the Master Swap Transaction which reference one or more of the Reference Entities referred to above, the Reference Entity Notional Amount, Weighted Average Final Price and Loss Amount in relation to each Reference Entity under the relevant Reference Transaction and the Aggregate Loss Amount in relation to each Reference Transaction, in each case as at the date of this notice

Reference Transaction	Reference Entity	Reference Entity Notional Amount (USD)	Weighted Average Final Price	Loss Amount in relation to Reference Entity (USD)	Aggregate Loss Amount in respect of Reference Transaction (USD)
High Yield Corporate Reference Entities	Tembec Industries Inc.	73,024,242	61 %	28,479,455	193,016,436
	Dana Corporation	73,024,242	75.8417 %	17,641,416	
	Dura Automotive Systems, Inc. (Subordinated)	73,024,242	3.5 %	70,468,394	
	Delphi Corporation	73,024,242	64.67 %	25,799,465	
	Calpine Corporation	73,024,242	30.67 %	50,627,707	
Investment Grade Corporate Reference Entities	Federal Home Loan Mortgage Corporation	11,567,040	100 %	0	4,410,898
	Federal National Mortgage Association	11,567,040	100 %	0	
	Washington Mutual, Inc.	11,567,040	61.8667 %	4,410,898	

**Part B**

**In respect of each Reference Transaction under the Master Swap Transaction: the Loss Threshold Amount, Aggregate Loss Amount and remaining threshold amount as at the date of this notice**

<b>Reference Transaction</b>	<b>Loss Threshold Amount (USD)</b>	<b>Aggregate Loss Amount (USD)</b>	<b>Remaining threshold amount (USD)</b>
High Yield Corporate Reference Entities	1,554,321,000	193,016,436	1,361,304,564
Investment Grade Corporate Reference Entities	0	4,410,898	0

**PART C**

**In respect of the Master Swap Transaction: the Subordination Amount, the Total Loss Amount and the remaining subordination amount, in each case as at the date of this notice**

<b>Subordination Amount (USD)</b>	<b>Total Loss Amount (USD)</b>	<b>Remaining subordination amount (USD)</b>
126,514,500	4,410,898	122,103,602