

PINNACLE PERFORMANCE LIMITED

To the Distributors of the Notes:

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

Pinnacle Notes Series 6

**USD Fixed Rate First-to-Default Credit-Linked Notes due 2013 (ISIN: SG7M05934330)
("Tranche A Notes")**

**SGD Fixed Rate First-to-Default Credit-Linked Notes due 2013 (ISIN: SG7M06934347)
("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 refer to our notices dated 3 November 2008, 11 December 2008, 7 May 2009, 13 July 2009, 6 November 2009, 1 December 2009, 12 February 2010, 15 April 2010 and 4 May 2010 informing you of credit events which have occurred in relation to the Underlying Assets for the Notes and the related loss calculations.

As at the date of this notice, the Underlying Assets for the Notes consist of Series 2007-26 Floating Rate Notes due 2012 issued by Morgan Stanley ACES SPC acting for the account of the Series 2007-26 Segregated Portfolio (the "**Underlying Assets**"). The Underlying Assets are Synthetic CDO Securities referenced to 125 Reference Entities, as defined and further described in the Private Placement Memorandum Supplement of the Underlying Assets dated 5 July 2007 (the "**PPMS**").

As set out in our notice to distributors dated 4 May 2010, a Credit Event has occurred in respect of Ambac Assurance Corporation. Whilst this is not a Reference Entity under the Notes, it is a reference entity under the Underlying Assets.

We are now writing to inform you that as a result of these credit events, an Underlying Disposal Event (also referred to as a Mandatory Redemption Event) as described in Condition 7(c)(i)(A) of the Notes has occurred in relation to the Notes. Following the occurrence of this event the Notes have become subject to mandatory early redemption as further set out in Condition 7(c) of the Notes. Please refer to the attached set of Frequently Asked Questions for further information.

Although we are under no obligation to provide information in respect of the Notes or the Underlying Assets beyond that required by the offering documentation constituted by the Base Prospectus and the Pricing Statement, in the present exceptional circumstances we have considered it to be helpful to write to you in this instance to provide you with this information relating to the Notes and the Underlying Assets. Please refer to the Base Prospectus and the

Pricing Statement for the Notes for further information in relation to the consequences of this event.

We have set out in Part A of the Annex below the following information in relation to the loss calculations in respect of the Underlying Assets following the occurrence of the Credit Event relating to Ambac Assurance Corporation referred to above: the Reference Entity Notional Amount which applies to each Reference Entity in respect of which Credit Events have occurred since the issue date of the Underlying Assets and, in respect of each of the Credit Events that have occurred since the issue date of the Underlying Assets where such amounts have been determined (including the Credit Event relating to Ambac Assurance Corporation referred to above), the Weighted Average Final Price, the Reference Value and the Loss Amount.

The Aggregate Loss Amount as at the date hereof, being the sum of the Loss Amounts determined in respect of each of the Credit Events which have occurred in relation to the Underlying Assets since the issue date of the Underlying Assets where such Loss Amounts have been determined, is USD589,850,000. The remaining threshold amount of the Underlying Assets (also sometimes referred to as the remaining subordination) after taking into account the occurrence of the Credit Event in respect of the above Reference Entity and the related loss calculations is zero (being the difference between the Lower Threshold Amount of USD575,000,000 and the Aggregate Loss Amount of USD589,850,000 (subject to a minimum of zero)). For your convenience, we have set out in Part B of the Annex below the Lower Threshold Amount for the Underlying Assets (which is extracted from the PPMS for the Underlying Assets) and the current Aggregate Loss Amount.

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.

Nothing in this notice shall be construed as a waiver of any rights we may have with respect to 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 Pricing Statement relating to the Notes dated 16 May 2007 or the PPMS. The Base Prospectus, the Pricing Statement, 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



PINNACLE PERFORMANCE LIMITED

BY: Marc Randall
Director

11 June 2010

PINNACLE NOTES SERIES 6

ANNEX TO NOTICE TO DISTRIBUTORS DATED 11 JUNE 2010

Part A

Reference Entity Notional Amount, Weighted Average Final Price, Reference Value and Loss Amount for each Reference Entity referred to above

Reference Entity	Reference Entity Notional Amount (USD)	Weighted Average Final Price	Reference Value (USD)	Loss Amount (USD)
Federal National Mortgage Association (Subordinated)	100,000,000	99.90%	99,900,000	100,000
Federal Home Loan Mortgage Corporation (Subordinated)	100,000,000	98.00%	98,000,000	2,000,000
Lehman Brothers Holdings Inc.	100,000,000	8.625%	8,625,000	91,375,000
Washington Mutual, Inc.	100,000,000	57.00%	57,000,000	43,000,000
Glitnir banki hf.	100,000,000	3.00%	3,000,000	97,000,000
Kaupthing banki hf.	100,000,000	6.625%	6,625,000	93,375,000
Syncora Guarantee Inc.	100,000,000	15%	15,000,000	85,000,000
CIT Group Inc.	100,000,000	68.125%	68,125,000	31,875,000
AIFUL Corporation	100,000,000	33.875%	33,875,000	66,125,000
Ambac Assurance Corporation	100,000,000	20%	20,000,000	80,000,000

Part B

Lower Threshold Amount, Aggregate Loss Amount and remaining threshold amount in respect of the Underlying Assets as at the date of this notice

Lower Threshold Amount (USD)	Aggregate Loss Amount (USD)	Remaining threshold amount (USD)
575,000,000	589,850,000	0