

MORGAN STANLEY
Form 424B2
July 13, 2018

CALCULATION OF REGISTRATION FEE

| <i>Title of Each Class of Securities Offered</i> | <i>Maximum Aggregate Offering Price</i> | <i>Amount of Registration Fee</i> |
|--|---|-----------------------------------|
| Leveraged Index-Linked Notes due 2020 | \$3,505,000 | \$436.37 |

PROSPECTUS Dated November 16, 2017

Pricing Supplement No. 779 to

PRODUCT SUPPLEMENT Dated November 16, 2017

Registration Statement Nos. 333-221595; 333-221595-01

INDEX SUPPLEMENT Dated November 16, 2017

Dated July 11, 2018

Rule 424(b)(2)

Morgan Stanley Finance LLC

STRUCTURED INVESTMENTS

Opportunities in U.S. Equities

\$3,505,000

Capped Leveraged S&P 500[®] Index-Linked Notes due September 15, 2020

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The notes are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The notes will not bear interest. The amount that you will be paid on your notes on the stated maturity date (September 15, 2020, subject to postponement) is based on the performance of the S&P 500[®] Index as measured from the trade date (July 11, 2018) to and including the determination date (September 11, 2020, subject to postponement). If the final underlier level on the determination date is greater than the initial underlier level, the return on your notes will be positive, subject to the maximum settlement amount (\$1,297.60 for each \$1,000 face amount of your notes). **However, if the final underlier level is less than the initial underlier level, the return on your notes will be negative. You could lose your entire investment in the notes.** The notes are notes issued as part of MSFL’s Series A Global Medium-Term Notes program.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These notes are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

To determine your payment at maturity, we will calculate the underlier return, which is the percentage increase or decrease in the final underlier level from the initial underlier level. On the stated maturity date, for each \$1,000 face

amount of your notes, you will receive an amount in cash equal to:\

if the underlier return is *positive* (the final underlier level is *greater than* the initial underlier level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) 300% *times* (c) the underlier return, subject to the maximum settlement amount; or

if the underlier return is *zero or negative* (the final underlier level is *equal to or less than* the initial underlier level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) the underlier return *times* (b) \$1,000.

If the underlier return is negative (the final underlier level is less than the initial underlier level), you will lose some or all of your investment.

You should read the additional disclosure herein so that you may better understand the terms and risks of your investment.

The estimated value on the trade date is \$996.30 per note. See “Estimated Value” on page 2.

| | <i>Price to public⁽¹⁾</i> | <i>Agent’s commissions</i> | <i>Proceeds to us⁽²⁾</i> |
|-----------------|--------------------------------------|----------------------------|-------------------------------------|
| <i>Per note</i> | \$1,000 | \$0 | \$1,000 |
| <i>Total</i> | \$3,505,000 | \$0 | \$3,505,000 |

(1) Morgan Stanley & Co. LLC (“MS & Co.”) will sell all of the notes that it purchases from us to an unaffiliated dealer at the original issue price of 100.00%, or \$1,000 per face amount of notes. Such dealer will sell the notes to investors at the same price without a discount or commission. Investors that purchase and hold the notes in fee-based accounts may be charged fees based on the amount of assets held in those accounts, including the notes. For more information, see “Summary Information—Supplemental information regarding plan of distribution; conflicts of interest.”

(2) See “Summary Information—Use of proceeds and hedging” beginning on page 5.

The notes involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 12.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these notes, or determined if this document or the accompanying product supplement, index supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, nor are they obligations of, or guaranteed by, a bank.

You should read this document together with the related product supplement, index supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see “Key Terms” on page 3.

MORGAN STANLEY

About Your Prospectus

The notes are notes issued as part of MSFL's Series A Global Medium-Term Notes program. This prospectus includes this pricing supplement and the accompanying documents listed below. This pricing supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

Prospectus dated November 16, 2017

Product Supplement dated November 16, 2017

Index Supplement dated November 16, 2017

The information in this pricing supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

ESTIMATED VALUE

The Original Issue Price of each note is \$1,000. This price includes costs associated with issuing, selling, structuring and hedging the notes, which are borne by you, and, consequently, the estimated value of the notes on the Trade Date is less than \$1,000. We estimate that the value of each note on the Trade Date is \$996.30.

What goes into the estimated value on the Trade Date?

In valuing the notes on the Trade Date, we take into account that the notes comprise both a debt component and a performance-based component linked to the Underlier. The estimated value of the notes is determined using our own pricing and valuation models, market inputs and assumptions relating to the Underlier, instruments based on the Underlier, volatility and other factors including current and expected interest rates, as well as an interest rate related to our secondary market credit spread, which is the implied interest rate at which our conventional fixed rate debt trades in the secondary market.

What determines the economic terms of the notes?

In determining the economic terms of the notes, including the Upside Participation Rate, the Cap Level and the Maximum Settlement Amount, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the notes would be more

favorable to you.

What is the relationship between the estimated value on the Trade Date and the secondary market price of the notes?

The price at which MS & Co. purchases the notes in the secondary market, absent changes in market conditions, including those related to the Underlier, may vary from, and be lower than, the estimated value on the Trade Date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the notes are not fully deducted upon issuance, for a period of up to 3 months following the issue date, to the extent that MS & Co. may buy or sell the notes in the secondary market, absent changes in market conditions, including those related to the Underlier, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

MS & Co. may, but is not obligated to, make a market in the notes, and, if it once chooses to make a market, may cease doing so at any time.

SUMMARY INFORMATION

The Capped Leveraged S&P 500[®] Index-Linked Notes, which we refer to as the notes, are unsecured obligations of MSFL and are fully and unconditionally guaranteed by Morgan Stanley. The notes will pay no interest, do not guarantee any return of principal at maturity and have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented or modified by this document. The notes are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

Capitalized terms used but not defined herein have the meanings assigned to them in the accompanying product supplement and prospectus. All references to "Cash Settlement Amount," "Closing Level," "Determination Date," "Face Amount," "Final Underlier Level," "Initial Underlier Level," "Maximum Settlement Amount," "Original Issue Price," "State Maturity Date," "Trade Date," "Underlier," "Underlier Return" and "Upside Participation Rate" herein shall be deemed to refer to "payment at maturity," "index closing value," "valuation date," "stated principal amount," "final index value," "initial index value," "maximum payment at maturity," "issue price," "maturity date," "pricing date," "underlying index," "index return" and "leverage factor," respectively, as used in the accompanying product supplement. References to "we," "us" and "our" refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.

If the terms described herein are inconsistent with those described in the accompanying product supplement or prospectus, the terms described herein shall control.

Key Terms

Issuer: Morgan Stanley Finance LLC

Guarantor: Morgan Stanley

Underlier: S&P 500[®] Index

Underlier Publisher: S&P Dow Jones Indices LLC

Notes: The accompanying product supplement refers to the notes as the "PLUS."

Specified currency: U.S. dollars (“\$”)

Face Amount: Each note will have a Face Amount of \$1,000; \$3,505,000 in the aggregate for all the notes; the aggregate Face Amount of notes may be increased if the Issuer, at its sole option, decides to sell an additional amount of the notes on a date subsequent to the date hereof.

Denominations: \$1,000 and integral multiples thereof

Purchase at amount other than Face Amount: The amount we will pay you on the Stated Maturity Date for your notes will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to the Face Amount and hold them to the Stated Maturity Date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at the Face Amount. Additionally, the Cap Level would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See “Risk Factors—If You Purchase Your Notes At A Premium To The Face Amount, The Return On Your Investment Will Be Lower Than The Return On Notes Purchased At The Face Amount, And The Impact Of Certain Key Terms Of The Notes Will Be Negatively Affected” beginning on page 12 of this document.

Cash Settlement Amount (on the Stated Maturity Date): For each \$1,000 Face Amount of notes, we will pay you on the Stated Maturity Date an amount in cash equal to:

- if the Final Underlier Level is *greater than* or *equal to* the Cap Level, the Maximum Settlement Amount;
- if the Final Underlier Level is *greater than* the Initial Underlier Level but *less than* the Cap Level, the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the Upside Participation Rate *times* (c) the Underlier Return; or
- if the Final Underlier Level is *equal to* or *less than* the Initial Underlier Level, the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the Underlier Return.

You will lose some or all of your investment at maturity if the Final Underlier Level is less than the Initial Underlier Level. Any payment of the Cash Settlement Amount is subject to the credit of the Issuer.

Initial Underlier Level: 2,774.02

Final Underlier Level: The Closing Level of the Underlier on the Determination Date, except in the limited circumstances described under “Description of PLUS—Postponement of Valuation Date(s)” on page S-44 of the accompanying product supplement, and subject to adjustment as provided under “Description of PLUS—Discontinuance of Any Underlying Index or Basket Index; Alteration of Method of Calculation” on page S-47 of the accompanying product supplement.

Underlier Return: The *quotient* of (i) the Final Underlier Level *minus* the Initial Underlier Level *divided* by (ii) the Initial Underlier Level, expressed as a percentage

Upside Participation Rate: 300%

Cap Level: 3,049.202784, which is 109.92% of the Initial Underlier Level

Maximum Settlement Amount: \$1,297.60 for each \$1,000 Face Amount of notes

Trade Date: July 11, 2018

Original Issue Date (Settlement Date): July 18, 2018 (5 Business Days after the Trade Date)

Determination Date: September 11, 2020, subject to postponement as described in the accompanying product supplement on page S-44 under “Description of PLUS—Postponement of Valuation Date(s).”

Stated Maturity Date: September 15, 2020 (2 Business Days after the Determination Date), subject to postponement as described below.

Postponement of Stated Maturity Date: If the scheduled Determination Date is not a Trading Day or if a market disruption event occurs on that day so that the Determination Date as postponed falls less than two Business Days prior to the scheduled Stated Maturity Date, the maturity date of the notes will be postponed to the second Business Day following that Determination Date as postponed.

No interest or dividends: The notes will not pay interest or dividends.

No listing: The notes will not be listed on any securities exchange.

No redemption: The notes will not be subject to any redemption right.

Closing Level: As described under “Description of PLUS—Some Definitions—index closing value” on page S-37 of the accompanying product supplement

Business Day: As described under “Description of PLUS—Some Definitions—business day” on page S-36 of the accompanying product supplement

Trading Day: As described under “Description of PLUS—Some Definitions—index business day” on page S-37 of the accompanying product supplement. The product supplement refers to a Trading Day as an “index business day.”

Market disruption event: The following replaces in its entirety the section entitled “Description of PLUS—Some Definitions—market disruption event” on page S-37 of the accompanying product supplement:

“Market disruption event” means, with respect to the Underlier:

(i) the occurrence or existence of:

(a) a suspension, absence or material limitation of trading of securities then constituting 20 percent or more, by weight, of the Underlier (or the successor index) on the relevant exchanges for such securities for more than two hours of

trading or during the one-half hour period preceding the close of the principal trading session on such relevant exchange, or

- (b) a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for securities then constituting 20 percent

or more, by weight, of the Underlier (or the successor index), or futures or options contracts, if available, relating to the Underlier (or the successor index) or the securities then constituting 20 percent or more, by weight, of the Underlier during the last one-half hour preceding the close of the principal trading session on such relevant exchange are materially inaccurate, or

the suspension, material limitation or absence of trading on any major U.S. securities market for trading in futures or options contracts or exchange-traded funds related to the Underlier (or the successor index), or in futures or (c) options contracts, if available, relating to securities then constituting 20 percent or more, by weight, of the Underlier (or the successor index) for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session on such market,

in each case as determined by the calculation agent in its sole discretion; and

(ii) a determination by the calculation agent in its sole discretion that any event described in clause (i) above materially interfered with our ability or the ability of any of our affiliates to unwind or adjust all or a material portion of the hedge position with respect to the notes.

For the purpose of determining whether a market disruption event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange or market, (2) a decision to permanently discontinue trading in the relevant futures or options contract or exchange-traded fund will not constitute a market disruption event, (3) a suspension of trading in futures or options contracts or exchange-traded funds on the Underlier, or futures or options contracts, if available, relating to securities then constituting 20 percent or more, by weight, of the Underlier, by the primary securities market trading in such contracts or funds by reason of (a) a price change exceeding limits set by such securities exchange or market, (b) an imbalance of orders relating to such contracts or funds, or (c) a disparity in bid and ask quotes relating to such contracts or funds will constitute a suspension, absence or material limitation of trading in futures or options contracts or exchange-traded funds related to the Underlier and (4) a “suspension, absence or material limitation of trading” on any relevant exchange or on the primary market on which futures or options contracts or exchange-traded funds related to the Underlier are traded will not include any time when such securities market is itself closed for trading under ordinary circumstances.

Use of proceeds and hedging: The proceeds from the sale of the notes will be used by us for general corporate purposes. We will receive, in aggregate, \$1,000 per note issued. The costs of the notes borne by you and described on page 2 comprise the cost of issuing, structuring and hedging the notes.

On or prior to the Trade Date, we hedged our anticipated exposure in connection with the notes, by entering into hedging transactions with our affiliates and/or third party dealers. We expect our hedging counterparties to have taken positions in stocks of the Underlier and in futures and options contracts on the Underlier, and any component stocks of

the Underlier listed on major securities markets. Such purchase activity could have increased the level of the Underlier on the Trade Date, and therefore could have increased the level at or above which the Underlier must close on the Determination Date so that investors do not suffer a loss on their initial investment in the notes. In addition, through our affiliates, we are likely to modify our hedge position throughout the term of the notes, including on the Determination Date, by purchasing and selling the stocks constituting the Underlier, futures or options contracts on the Underlier or its component stocks listed on major securities markets or positions in any other available securities or instruments that we may wish to use in connection with such hedging activities. As a result, these entities may be unwinding or adjusting hedge positions during the term of the notes, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the Determination Date approaches. We cannot give any assurance that our hedging activities will not affect the level of the Underlier, and, therefore, adversely affect the value of the notes or the payment you will receive at maturity, if any. For further information on our use of proceeds and hedging, see “Use of Proceeds and Hedging” in the accompanying product supplement.

Benefit Plan Investor Considerations: Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (a “Plan”), should consider the fiduciary standards of ERISA in the context of the Plan’s

particular circumstances before authorizing an investment in the notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our affiliates, including MS & Co., may each be considered a “party in interest” within the meaning of ERISA, or a “disqualified person” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (such accounts and plans, together with other plans, accounts and arrangements subject to Section 4975 of the Code, also “Plans”). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the notes are acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the notes are acquired pursuant to an exemption from the “prohibited transaction” rules. A violation of these “prohibited transaction” rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions (“PTCEs”) that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the notes. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and the related lending transactions, provided that neither the Issuer of the notes nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than “adequate consideration” in connection with the transaction (the so-called “service provider” exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the notes.

Because we may be considered a party in interest with respect to many Plans, the notes may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “Plan Asset Entity”) or any person investing “plan assets” of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the notes will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the notes that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such notes on behalf of or with “plan assets” of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“Similar Law”) or (b) its purchase, holding and disposition of these notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the notes on behalf of or with “plan assets” of any Plan consult with their counsel regarding the availability of exemptive relief.

The notes are contractual financial instruments. The financial exposure provided by the notes is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the notes. The notes have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the notes.

Each purchaser or holder of any notes acknowledges and agrees that:

the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary (i) or adviser of the purchaser or holder with respect to (A) the design and terms of the notes, (B) the purchaser or holder's investment in the notes, or (C) the exercise of or failure to exercise any rights we have under or with respect to the notes;

(ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the notes and (B) all hedging transactions in connection with our obligations under the notes;

(iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) our interests are adverse to the interests of the purchaser or holder; and

neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such (v) assets, positions or transactions, and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Each purchaser and holder of the notes has exclusive responsibility for ensuring that its purchase, holding and disposition of the notes do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any notes to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan. In this regard, neither this discussion nor anything provided in this pricing supplement is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of these notes should consult and rely on their own counsel and advisers as to whether an investment in these notes is suitable.

However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the notes if the account, plan or annuity is for the benefit of an employee of Morgan Stanley or Morgan Stanley Wealth Management or a family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the notes by the account, plan or annuity.

Additional considerations: Client accounts over which Morgan Stanley, Morgan Stanley Wealth Management or any of their respective subsidiaries have investment discretion are not permitted to purchase the notes, either directly or indirectly.

Supplemental information regarding plan of distribution; conflicts of interest: MS & Co., acting as our agent, will sell all of the notes that it purchases from us to an unaffiliated dealer at the original issue price of 100.00%, or \$1,000 per Face Amount of notes. Such dealer will sell the notes to investors at the same price without a discount or commission. MS & Co., the agent for this offering, is our affiliate. Because MS & Co. is both our affiliate and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), the underwriting arrangements for this offering must comply with the requirements of FINRA Rule 5121 regarding a FINRA member firm’s distribution of the securities of an affiliate and related conflicts of interest. In accordance with FINRA Rule 5121, MS & Co. may not make sales in offerings of the notes to any of its discretionary accounts without the prior written approval of the customer.

MS & Co. is an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley, and it and other affiliates of ours expect to make a profit by selling, structuring and, when applicable, hedging the notes.

MS & Co. will conduct this offering in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, regarding a FINRA member firm’s distribution of the notes of an affiliate and related conflicts of interest. MS & Co. or any of our other affiliates may not make sales in this offering to any discretionary account. See “Plan of Distribution (Conflicts of Interest)” and “Use of Proceeds and Hedging” in the accompanying product supplement.

Settlement: We expect to deliver the notes against payment for the notes on the Original Issue Date, which will be the fifth scheduled Business Day following the Trade Date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two Business Days, unless the parties to a trade expressly agree otherwise. Accordingly, if the Original Issue Date is more than two Business Days after the Trade Date, purchasers who wish to transact in the notes more than two Business Days prior to the Original Issue Date will be required to specify alternative settlement arrangements to prevent a failed settlement.

Trustee: The Bank of New York Mellon

Calculation Agent: MS & Co.

CUSIP no.: 61768C6W2

ISIN: US61768C6W27

HYPOTHETICAL EXAMPLES

The following table and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical Closing Levels of the Underlier on the Determination Date could have on the Cash Settlement Amount.

The examples below are based on a range of Final Underlier Levels that are entirely hypothetical; no one can predict what the level of the Underlier will be on any day during the term of the notes, and no one can predict what the Final Underlier Level will be on the Determination Date. The Underlier has at times experienced periods of high volatility — meaning that the level of the Underlier has changed considerably in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the notes assuming that they are purchased on the Original Issue Date at the Face Amount and held to the Stated Maturity Date. The value of the notes at any time after the Trade Date will vary based on many economic and market factors, including interest rates, the volatility of the Underlier, our creditworthiness and changes in market conditions, and cannot be predicted with accuracy. Any sale prior to the Stated Maturity Date could result in a substantial loss to you.

Key Terms and Assumptions

| | |
|---------------------------------|---|
| Face Amount: | \$1,000 |
| Upside Participation Rate: | 300.00% |
| Cap Level: | 109.920% of the Initial Underlier Level |
| Maximum Settlement Amount: | \$1,297.60 per \$1,000 Face Amount of notes (129.760% of the Face Amount) |
| Minimum Cash Settlement Amount: | None |

- *Neither a market disruption event nor a non-Trading Day occurs on the Determination Date.*
- *No discontinuation of the Underlier or alteration of the method by which the Underlier is calculated.*
- *Notes purchased on the Original Issue Date at the Face Amount and held to the Stated Maturity Date.*

The actual performance of the Underlier over the term of the notes, as well as the Cash Settlement Amount, if any, may bear little relation to the hypothetical examples shown below or to the historical levels of the Underlier shown elsewhere in this document. For information about the historical levels of the Underlier during recent periods, see “The Underlier” below.

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The levels in the left column of the table below represent hypothetical Final Underlier Levels and are expressed as percentages of the Initial Underlier Level. The amounts in the right column represent the hypothetical Cash Settlement Amount, based on the corresponding hypothetical Final Underlier Level (expressed as a percentage of the Initial Underlier Level), and are expressed as percentages of the Face Amount of notes (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical Cash Settlement Amount of 100% means that the value of the cash payment that we would deliver for each \$1,000 Face Amount of notes on the Stated Maturity Date would equal 100% of the Face Amount of notes, based on the corresponding hypothetical Final Underlier Level (expressed as a percentage of the Initial Underlier Level) and the assumptions noted above. The numbers appearing in the table and chart below may have been rounded for ease of analysis.

| Hypothetical Final Underlier Level (as Percentage of Initial Underlier Level) | Hypothetical Cash Settlement Amount (as Percentage of Face Amount) |
|--|---|
| 200.000% | 129.760% |
| 175.000% | 129.760% |

| | |
|-----------------|-----------------|
| 150.000% | 129.760% |
| 125.000% | 129.760% |
| 120.000% | 129.760% |
| 115.000% | 129.760% |
| 110.000% | 129.760% |
| 109.920% | 129.760% |
| 105.000% | 115.000% |
| 103.000% | 109.000% |
| 101.000% | 103.000% |
| 100.000% | 100.000% |
| 90.000% | 90.000% |
| 75.000% | 75.000% |
| 50.000% | 50.000% |
| 25.000% | 25.000% |
| 0.000% | 0.000% |

If, for example, the Final Underlier Level were determined to be 25.000% of the Initial Underlier Level, the Cash Settlement Amount would be 25.000% of the Face Amount of notes, as shown in the table above. As a result, if you purchased your notes on the Original Issue Date at the Face Amount and held them to the Stated Maturity Date, you would lose 75.000% of your investment. If you purchased your notes at a premium to the Face Amount, you would lose a correspondingly higher percentage of your investment.

If the Final Underlier Level were determined to be 175.000% of the Initial Underlier Level, the Cash Settlement Amount would be capped at the Maximum Settlement Amount (expressed as a percentage of the Face Amount), or 129.760% of each \$1,000 Face Amount of notes, as shown in the table above. As a result, if you purchased the notes on the Original Issue Date at the Face Amount and held them to the Stated Maturity Date, you would not benefit from any increase in the Final Underlier Level above the Cap Level of 109.920% of the Initial Underlier Level.

Payoff Diagram

The following chart shows a graphical illustration of the hypothetical Cash Settlement Amount (expressed as a percentage of the Face Amount of notes), if the Final Underlier Level (expressed as a percentage of the Initial Underlier Level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical Final Underlier Level (expressed as a percentage of the Initial Underlier Level) of less than 100% (the section left of the 100% marker on the horizontal axis) would result in a hypothetical Cash Settlement Amount of less than 100% of the Face Amount of notes (the section below the 100% marker on the vertical axis), and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical Final Underlier Level (expressed as a percentage of the Initial Underlier Level) of greater than 109.920% (the section right of the Cap Level of 109.920% marker on the horizontal axis) would result in a capped return on your investment and a Cash Settlement Amount equal to the Maximum Settlement Amount.

Hypothetical Payoff Diagram

RISK FACTORS

The following is a non-exhaustive list of certain key risk factors for investors in the notes. For further discussion of these and other risks, you should read the section entitled "Risk Factors" in the accompanying product supplement and prospectus. We also urge you to consult your investment, legal, tax, accounting and other advisers in connection with your investment in the notes.

The Notes Do Not Pay Interest Or Guarantee The Return Of Any Of Your Principal

The terms of the notes differ from those of ordinary debt securities in that the notes do not pay interest and do not guarantee any return of principal at maturity. If the Final Underlier Level is less than the Initial Underlier Level, you will receive for each note that you hold a Cash Settlement Amount that is less than the Face Amount of each note by an amount proportionate to the full decline in the level of the Underlier over the term of the notes. As there is no minimum Cash Settlement Amount on the notes, you could lose your entire initial investment.

Also, the market price of your notes prior to the Stated Maturity Date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the Stated Maturity Date, you may receive significantly less than the amount of your investment in the notes.

The Appreciation Potential Of The Notes Is Limited By The Maximum Settlement Amount

The appreciation potential of the notes is limited by the Maximum Settlement Amount of \$1,297.60 per note, or 129.76% of the Face Amount. Although the Upside Participation Rate provides 300% exposure to any increase in the Final Underlier Level over the Initial Underlier Level, because the Cash Settlement Amount will be limited to 129.76% of the Face Amount for the notes, any increase in the Final Underlier Level over the Initial Underlier Level by more than 9.92% of the Initial Underlier Level will not further increase the return on the notes.

If You Purchase Your Notes At A Premium To The Face Amount, The Return On Your Investment Will Be Lower Than The Return On Notes Purchased At The Face Amount, And The Impact Of Certain Key Terms Of The Notes Will Be Negatively Affected

The Cash Settlement Amount will not be adjusted based on the issue price you pay for the notes. If you purchase notes at a price that differs from the Face Amount of notes, then the return on your investment in such notes held to the Stated Maturity Date will differ from, and may be substantially less than, the return on notes purchased at the Face Amount. If you purchase your notes at a premium to the Face Amount and hold them to the Stated Maturity Date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at the Face

Amount or at a discount to the Face Amount. In addition, the impact of the Cap Level on the return on your investment will depend upon the price you pay for your notes relative to the Face Amount. For example, if you purchase your notes at a premium to the Face Amount, the Cap Level will reduce your potential percentage return on the notes to a greater extent than would have been the case for notes purchased at the Face Amount or at a discount to the Face Amount.

The Underlier Reflects The Price Return Of The Stocks Composing The Underlier, Not A Total Return

The return on the notes is based on the performance of the Underlier, which reflects the changes in the market prices of the stocks composing the Underlier. It is not, however, linked to a “total return” version of the Underlier, which, in addition to reflecting those price returns, would also reflect all dividends and other distributions paid on the stocks composing the Underlier. The return on the notes will not include such a total return feature.

The Market Price Will Be Influenced By Many Unpredictable Factors

Several factors, many of which are beyond our control, will influence the value of the notes in the secondary market and the price at which MS & Co. may be willing to purchase or sell the notes in the secondary market, including: the level of the Underlier, volatility (frequency and magnitude of changes in

value) of the Underlier and dividend yield of the Underlier, interest and yield rates, time remaining to maturity, geopolitical conditions and economic, financial, political and regulatory or judicial events that affect the Underlier or equities markets generally and which may affect the Final Underlier Level of the Underlier and any actual or anticipated changes in our credit ratings or credit spreads. The level of the Underlier may be, and has been, volatile, and we can give you no assurance that the volatility will lessen. See “The Underlier” below. You may receive less, and possibly significantly less, than the Face Amount per note if you try to sell your notes prior to maturity.

The Notes Are Subject To Our Credit Risk, And Any Actual Or Anticipated Changes To Our Credit Ratings Or Credit Spreads May Adversely Affect The Market Value Of The Notes

You are dependent on our ability to pay all amounts due on the notes at maturity, and therefore you are subject to our credit risk. If we default on our obligations under the notes, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the notes prior to maturity will be affected by changes in the market’s view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the notes.

As A Finance Subsidiary, MSFL Has No Independent Operations And Will Have No Independent Assets

As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of the notes if they make claims in respect of such notes in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank *pari passu* with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of the notes should accordingly assume that in any such proceedings they could not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

The Amount Payable On The Notes Is Not Linked To The Level Of The Underlier At Any Time Other Than The Determination Date

The Final Underlier Level will be based on the Closing Level on the Determination Date, subject to adjustment for non-Trading Days and certain market disruption events. Even if the level of the Underlier appreciates prior to the Determination Date but then drops by the Determination Date, the Cash Settlement Amount may be less, and may be significantly less, than it would have been had the Cash Settlement Amount been linked to the level of the Underlier prior to such drop. Although the actual level of the Underlier on the Stated Maturity Date or at other times during the term of the notes may be higher than the Final Underlier Level, the Cash Settlement Amount will be based solely on the Closing Level on the Determination Date.

Investing In The Notes Is Not Equivalent To Investing In The Underlier

Investing in the notes is not equivalent to investing in the Underlier or its component stocks. Investors in the notes will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the Underlier.

Adjustments To The Underlier Could Adversely Affect The Value Of The Notes

The publisher of the Underlier may add, delete or substitute the stocks constituting the Underlier or make other methodological changes that could change the level of the Underlier. The publisher of the Underlier may discontinue or suspend calculation or publication of the Underlier at any time. In these circumstances, the calculation agent will have the sole discretion to substitute a successor index that is comparable to the discontinued Underlier and is permitted to consider indices that are calculated and published by the calculation agent or any of its affiliates. If the calculation agent determines that there is no appropriate successor index, the Cash Settlement Amount on the notes will be an amount based on the closing prices at maturity of the securities composing the Underlier at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating the Underlier last in effect prior to discontinuance of the Underlier.

The Rate We Are Willing To Pay For Securities Of This Type, Maturity And Issuance Size Is Likely To Be Lower Than The Rate Implied By Our Secondary Market Credit Spreads And Advantageous To Us. Both The Lower Rate And The Inclusion Of Costs Associated With Issuing, Selling, Structuring And Hedging The Notes In The Original Issue Price Reduce The Economic Terms Of The Notes, Cause The Estimated Value Of The Notes To Be Less Than The Original Issue Price And Will Adversely Affect Secondary Market Prices

Assuming no change in market conditions or any other relevant factors, the prices, if any, at which dealers, including MS & Co., may be willing to purchase the notes in secondary market transactions will likely be significantly lower than the Original Issue Price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the Original Issue Price and borne by you and because the secondary market prices will reflect our secondary market credit spreads and the bid-offer spread that any dealer would charge in a secondary market transaction of this type as well as other factors.

The inclusion of the costs of issuing, selling, structuring and hedging the notes in the Original Issue Price and the lower rate we are willing to pay as issuer make the economic terms of the notes less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the notes are not fully deducted upon issuance, for a period of up to 3 months following the issue date, to the extent that MS & Co. may buy or sell the notes in the secondary market, absent changes in market conditions, including those related to the Underlier, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

The Estimated Value Of The Notes Is Determined By Reference To Our Pricing And Valuation Models, Which May Differ From Those Of Other Dealers And Is Not A Maximum Or Minimum Secondary Market Price

These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the notes than those generated by others, including other dealers in the market, if they attempted to value the notes. In addition, the estimated value on the Trade Date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your notes in the secondary market (if any exists) at any time. The value of your notes at any time after the date hereof will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also “The Market Price Will Be Influenced By Many Unpredictable Factors” above.

The Notes Will Not Be Listed On Any Securities Exchange And Secondary Trading May Be Limited

The notes will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the notes. MS & Co. may, but is not obligated to, make a market in the notes and, if it once chooses to make a market, may cease doing so at any time. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the notes, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any related hedging positions, the time remaining to maturity and the likelihood that it will be able to resell the notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Since other broker-dealers may not participate significantly in the secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which MS & Co. is willing to transact. If, at any time, MS & Co. were to cease making a market in the notes, it is likely that there would be no secondary market for the notes. Accordingly, you should be willing to hold your notes to maturity.

The Calculation Agent, Which Is A Subsidiary Of Morgan Stanley And An Affiliate of MSFL, Will Make Determinations With Respect To The Notes

As calculation agent, MS & Co. has determined the Initial Underlier Level, will determine the Final Underlier Level and will calculate the Cash Settlement Amount you receive at maturity, if any. Moreover,

certain determinations made by MS & Co. in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the Final Underlier Level in the event of a market disruption event or discontinuance of the Underlier. These potentially subjective determinations may adversely affect the Cash Settlement Amount at maturity, if any. For further information regarding these types of determinations, see “Description of PLUS—Postponement of Valuation Date(s)” and “—Calculation Agent and Calculations” in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the notes on the Trade Date.

Hedging And Trading Activity By Our Affiliates Could Potentially Adversely Affect The Value Of The Notes

One or more of our affiliates and/or third-party dealers have carried out, and will continue to carry out, hedging activities related to the notes, including trading in the stocks that constitute the Underlier as well as in other instruments related to the Underlier. As a result, these entities may be unwinding or adjusting hedge positions during the term of the notes, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the Determination Date approaches. Some of our affiliates also trade the stocks that constitute the Underlier and other financial instruments related to the Underlier on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the Trade Date could have increased the Initial Underlier Level, and, therefore, could have increased the level at or above which the Underlier must close on the Determination Date so that investors do not suffer a loss on their initial investment in the notes. Additionally, such hedging or trading activities during the term of the notes, including on the Determination Date, could adversely affect the level of the Underlier on the Determination Date, and, accordingly, the Cash Settlement Amount an investor will receive at maturity, if any. Furthermore, if the dealer from which you purchase notes is to conduct trading and hedging activities for us in connection with the notes, that dealer may profit in connection with such trading and hedging activities and such profit, if any, will be in addition to the compensation that the dealer receives for the sale of the notes to you. You should be aware that the potential to earn a profit in connection with hedging activities may create a further incentive for the dealer to sell the notes to you, in addition to the compensation they would receive for the sale of the notes.

We May Sell An Additional Aggregate Face Amount Of Notes At A Different Issue Price

At our sole option, we may decide to sell an additional aggregate Face Amount of notes subsequent to the date hereof. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the issue price you paid as provided on the cover of this document.

Past Performance is No Guide to Future Performance

The actual performance of the Underlier over the term of the notes, as well as the amount payable at maturity, may bear little relation to the historical Closing Levels of the Underlier or to the hypothetical return examples set forth herein. We cannot predict the future performance of the Underlier.

The U.S. Federal Income Tax Consequences Of An Investment In The Notes Are Uncertain

Please read the discussion under “Tax Considerations” in this document and the discussion under “United States Federal Taxation” in the accompanying product supplement (together, the “Tax Disclosure Sections”) concerning the U.S. federal income tax consequences of an investment in the notes. If the Internal Revenue Service (the “IRS”) were successful in asserting an alternative treatment, the timing and character of income on the notes might differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the notes as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the notes every year at a “comparable yield” determined at the time of issuance and recognize all income and gain in respect of the notes as ordinary income. Additionally, as discussed under “United States Federal Taxation—FATCA” in the accompanying product supplement, the withholding rules commonly referred to as “FATCA” would apply to the notes if they were recharacterized as debt instruments. We do not plan to request a ruling from the IRS regarding the tax treatment of the

notes, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the notes, including possible alternative treatments, the issues presented by this notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

THE UNDERLIER

The S&P 500[®] Index, which is calculated, maintained and published by S&P Dow Jones Indices LLC (“S&P”), consists of stocks of 500 component companies selected to provide a performance benchmark for the U.S. equity markets. The calculation of the S&P 500[®] Index is based on the relative value of the float adjusted aggregate market capitalization of the 500 component companies as of a particular time as compared to the aggregate average market capitalization of 500 similar companies during the base period of the years 1941 through 1943. For additional information about the S&P 500[®] Index, see the information set forth under “S&P 500[®] Index” in the accompanying index supplement.

In addition, information about the Underlier may be obtained from other sources including, but not limited to, the Underlier Publisher’s website (including information regarding (i) the Underlier’s top ten constituents and (ii) the Underlier’s sector weightings). We are not incorporating by reference into this document the website or any material it includes. Neither the issuer nor the agent makes any representation that such publicly available information regarding the Underlier is accurate or complete.

Information as of market close on July 11, 2018:

| | |
|------------------------------|----------|
| Bloomberg Ticker Symbol: | SPX |
| Current Index Value: | 2,774.02 |
| 52 Weeks Ago: | 2,425.53 |
| 52 Week High (on 1/26/2018): | 2,872.87 |
| 52 Week Low (on 7/11/2017): | 2,425.53 |

The following graph sets forth the daily Closing Levels of the Underlier for each quarter in the period from January 1, 2013 through July 11, 2018. The Closing Level of the Underlier on July 11, 2018 was 2,774.02. We obtained the information in the graph below from Bloomberg Financial Markets without independent verification. The Underlier has at times experienced periods of high volatility. The actual performance of the Underlier over the term of the notes, as well as the amount payable at maturity, may bear little relation to the historical Closing Levels of the Underlier or to the hypothetical return examples set forth herein. We cannot predict the future performance of the Underlier. You should not take the historical levels of the Underlier as an indication of its future performance, and no assurance can be given as to the Closing Level of the Underlier on the Determination Date.

S&P 500® Index

Daily Index Closing Values

January 1, 2013 to July 11, 2018

“Standard & Poor®,” “S&P,” “S&P 500,” “Standard & Poor’s 500” and “500” are trademarks of Standard and Poor’s Financial Services LLC. See “S&P 500® Index” in the accompanying index supplement.

TAX CONSIDERATIONS

Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the notes due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP, under current law, and based on current market conditions, a note should be treated as a single financial contract that is an “open transaction” for U.S. federal income tax purposes.

Assuming this treatment of the notes is respected and subject to the discussion in “United States Federal Taxation” in the accompanying product supplement, the following U.S. federal income tax consequences should result based on current law:

§ A U.S. Holder should not be required to recognize taxable income over the term of the notes prior to settlement, § other than pursuant to a sale or exchange.

§ Upon sale, exchange or settlement of the notes, a U.S. Holder should recognize gain or loss equal to the difference § between the amount realized and the U.S. Holder’s tax basis in the notes. Such gain or loss should be long-term § capital gain or loss if the investor has held the notes for more than one year, and short-term capital gain or loss otherwise.

In 2007, the U.S. Treasury Department and the Internal Revenue Service (the “IRS”) released a notice requesting comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect.

As discussed in the accompanying product supplement, Section 871(m) of the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (each, an “Underlying Security”). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations (a “Specified Security”). However, pursuant to an IRS notice, Section 871(m) will not apply to

securities issued before January 1, 2019 that do not have a delta of one with respect to any Underlying Security. Based on our determination that the notes do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the notes should not be Specified Securities and, therefore, should not be subject to Section 871(m).

Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. If withholding is required, we will not be required to pay any additional amounts with respect to the amounts so withheld. You should consult your tax adviser regarding the potential application of Section 871(m) to the notes.

Both U.S. and non-U.S. investors considering an investment in the notes should read the discussion under “Risk Factors” in this document and the discussion under “United States Federal Taxation” in the accompanying product supplement and consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the notes, including possible alternative treatments, the issues presented by the aforementioned notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The discussion in the preceding paragraphs under “Tax considerations” and the discussion contained in the section entitled “United States Federal Taxation” in the accompanying product supplement, insofar as they purport to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, constitute the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of an investment in the notes.

CONTACT

Morgan Stanley clients may contact their local Morgan Stanley branch office or our principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776). All other clients may contact their local brokerage representative. Third-party distributors may contact Morgan Stanley Structured Investment Sales at (800) 233-1087.

WHERE YOU CAN FIND MORE INFORMATION

MSFL and Morgan Stanley have filed a registration statement (including a prospectus, as supplemented by the product supplement and the index supplement) with the Securities and Exchange Commission, or SEgn="bottom" nowrap>

| | | | |
|-----------------------------|----------|---------|----------|
| Net income/(loss) | \$12,802 | \$436 | \$16,563 |
| Net income/(loss) per share | basic | \$0.09 | \$0.01 |
| | | \$0.23 | |
| Dividends per share | | \$0.046 | \$0.032 |
| | | \$0.031 | |

-
- (1) In accordance with the U.S. and Canadian regulatory pronouncements, a Canadian GAAP pro forma balance sheet was not prepared as of December 31, 2003.
 - (2) IAMGold’s March 31, 2004 report to shareholders did not present IAMGold’s financial statements in accordance with U.S. GAAP.
 - (3) Insufficient data was available in IAMGold’s December 2003 financial statements to determine revenues for the period in accordance with U.S. GAAP.
 - (4) IAMGold did not present financial statements in accordance with U.S. GAAP prior to 2001.

Comparative Per Share Information

The following table sets forth, for the periods indicated, the net income, book value and cash dividends declared per common share data separately for Golden Star and IAMGold on an historical basis and for Golden Star on a pro forma consolidated basis assuming all shareholders elect the all share option. The conversion ratio is 1.25 Golden Star common shares for each IAMGold common share.

| | Year Ended December 31, 2003 | Three Months Ended March 31, 2004 |
|-------------------------------|------------------------------------|--|
| | U.S.\$ | U.S.\$ |
| PRO FORMA CONSOLIDATED | | |
| Earnings per share | \$0.113 | \$0.032 |
| Book value per share | \$ 3.59 | \$ 3.61 |
| Cash dividends per share | \$0.021 | \$ |
| GOLDEN STAR HISTORICAL | | |
| Earnings per share | \$0.198 | \$0.039 |
| Book value per share | \$ 1.49 | \$ 1.53 |
| Cash dividends per share | \$ | \$ |
| IAMGOLD HISTORICAL | | |
| Earnings per share | \$0.105 | \$0.041 |
| Book value per share | \$ 2.66 | \$ 2.70 |
| Cash dividends per share | \$0.046 | \$ |

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IAMGold common shares are currently traded on the TSX under the symbol **IMG** and on the AMEX under the symbol **IAG**. Golden Star common shares are currently traded on the TSX under the symbol **GSC** and on the AMEX under the symbol **GSS**. The following table sets forth the closing prices per common share of each of IAMGold and Golden Star as reported on the TSX and the AMEX on (1) May 27, 2004, the last business day preceding the public announcement of our proposed business combination with IAMGold, and (2) July 13, 2004, the most recent trading day practicable before the filing of this prospectus:

| Issuer | TSX | | AMEX | |
|-------------|--------------|---------------|--------------|---------------|
| | May 27, 2004 | July 13, 2004 | May 27, 2004 | July 13, 2004 |
| IAMGold | Cdn\$7.38 | Cdn\$8.64 | U.S.\$5.43 | U.S.\$6.52 |
| Golden Star | Cdn\$7.24 | Cdn\$6.62 | U.S.\$5.31 | U.S.\$4.97 |

Reasons for Proposed Combination

The Notice of Variation states that, in the event all of the IAMGold shares that are issued and outstanding on June 4, 2004 (and all IAMGold shares issuable upon exercise of options to acquire IAMGold shares that are in-the-money on June 28, 2004) are tendered to our offer and all depositing shareholders select the Cash and Share Option, the cash, cash equivalents and bullion of the combined company would be reduced by approximately Cdn.\$74.7 million and by up to an additional Cdn.\$30.3 million in the event we are required to make the contingent payment referred to in Section 1 of the Notice of Variation **Increase in Price Offered for IAMGold Shares** **Contingent Payment Entitlement**. In the event that all of the IAMGold shares issued and outstanding on June 4, 2004 (and all IAMGold shares issuable upon exercise of options to acquire IAMGold shares that are in-the-money on July 13, 2004) are tendered to our offer, these reductions would be substantially the same.

Source of Offered Consideration

Assuming that all of the depositing shareholders elect the All Share Option and all of the IAMGold shares that are issued and outstanding as of June 4, 2004 (and all IAMGold shares issuable upon exercise of options to acquire IAMGold shares that are in-the-money at July 13, 2004) are tendered to the offer and that we take up and pay for such IAMGold shares under the offer, we will issue approximately 188.4 million Golden Star shares. If all of the IAMGold shareholders elect the All Share Option and all of the shares issuable upon the exercise of all IAMGold options outstanding on June 4, 2004 were tendered to the offer and taken up and paid for under the offer, the number of Golden Star shares issued would increase to 189.4 million. If all of the depositing shareholders elect the Cash and Share Option, and all of the IAMGold shares that are issued and outstanding as of June 4, 2004 (and all IAMGold shares issuable upon exercise of options to acquire IAMGold shares that are in-the-money at July 13, 2004) are tendered to the offer and that we take up and pay for such IAMGold shares under the offer, we will issue approximately 173.3 million Golden Star shares and pay approximately Cdn.\$75.4 million in cash to depositing shareholders. If all of the IAMGold shareholders elect the Cash and Share Option and all of the shares issuable upon the exercise of all IAMGold options outstanding on June 4, 2004 were tendered to the offer and taken up and paid for under the offer, the number of Golden Star shares issued would increase to 174.3 million and the cash paid would increase to Cdn.\$75.8 million. If the contingent payment referred to in Section 1 of the Notice of Variation, **Increase in Price Offered for IAMGold Shares** **Contingent Payment Entitlement** is payable, we will pay to IAMGold shareholders an additional Cdn.\$30.1 million in cash, if all of the IAMGold shares issued and outstanding as at June 4, 2004 (and all IAMGold shares issuable upon exercise of IAMGold options that are in-the-money at July 13, 2004) are deposited under the offer and taken up and paid for. If all of the IAMGold shares issued and outstanding as at June 4, 2004, including all shares issuable upon exercise of options outstanding on that date, are deposited under the offer and taken up and paid for, the contingent payment payable by us would be approximately Cdn.\$30.3 million.

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We have sufficient cash on hand and liquid investments (which may be readily converted into cash) to fund the cash portion of the offer, including the contingent payment. We may choose to finance all or any part of the cash portion of the offer, including the contingent payment, through other means.

Capitalization

The table under the heading "Capitalization" in Annex A of the Offer and Circular, as varied by the Notice of Variation, has been further varied as follows:

| | As of March 31, 2004 | |
|---|----------------------------|-------------------------------------|
| | (in thousands) | |
| | Golden Star As Reported | Golden Star/IAMGold Pro Forma |
| Cash and cash equivalents | \$ 86,017 | \$ 133,321(1) |
| Working capital | 95,148 | 215,012 |
| Long term debt and lease obligations | 610 | 12,009 |
| Shareholders' Equity: | | |
| Common shares: unlimited shares authorized; actual 133,312,412 shares issued and outstanding; pro forma 321,717,886 shares issued and outstanding | 328,209 | 1,288,449 |
| Deferred stock-based compensation | | (3,748) |
| Share purchase loans | | (266) |
| Retained earnings | (124,022) | (124,022) |
| Total shareholders' equity | \$ 204,187 | \$ 1,160,413 |

(1) Excludes approximately \$61.5 million in gold bullion held by IAMGold at March 31, 2004.

Revised Pro Forma Financial Statements

Attached as Annex A to this Notice of Extension and Variation are revised *pro forma* financial statements of Golden Star replacing Annex B of the Offer and Circular, as amended by the Notice of Variation, in its entirety.

4. Recent Developments

On July 6, 2004, at the adjourned annual and special meeting of the shareholders of IAMGold, the shareholders of IAMGold voted against the resolutions necessary to complete the proposed IAMGold/Wheaton River transaction. Following that meeting, Wheaton River announced that it had adjourned its shareholder meeting and that the arrangement agreement between IAMGold and Wheaton River had been terminated.

On July 7, 2004, Golden Star sent a letter to Joe Conway, President and Chief Executive Officer of IAMGold, reiterating Golden Star's request for access to non-public documents of IAMGold and for access to IAMGold's principal properties to enable the due diligence conditions of our offer to be satisfied.

On July 8, 2004, IAMGold announced that it had expanded the mandate of the special committee of its Board of Directors to include actively pursuing alternatives to maximize value for IAMGold shareholders and that it had engaged RBC Capital Markets as its financial advisor to assist in identifying and pursuing such alternatives. IAMGold also announced that its Board of Directors had recommended that IAMGold shareholders reject our offer and not tender their IAMGold shares to our offer, which recommendation was based in part on the formal opinion of the special committee's financial advisor that the consideration offered under our offer was inadequate, from a financial point of view, to IAMGold shareholders.

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Also on July 9, 2004, Mr. Conway spoke via telephone with Mr. Bradford and advised him that IAMGold was preparing a virtual data room containing the IAMGold information we required and indicating that Golden Star would be required to sign a special form of confidentiality agreement as a result of IAMGold's view of Golden Star's recent activities.

In response, Mr. Bradford wrote to Mr. Conway later that day advising him that Golden Star did not believe it was appropriate for Golden Star to be required to sign a special form of confidentiality agreement and enclosing a form of confidentiality agreement signed by us based on the form of confidentiality agreement between IAMGold and Golden Star entered into in September 2003. As of July 15, 2004, this form of confidentiality agreement has not been countersigned by IAMGold.

Also on July 9, 2004, IAMGold issued a Notice of Change to its Directors' Circular dated June 24, 2004, recommending that shareholders reject our increased offer and not tender their IAMGold shares thereto based in part on the conclusion that our increased offer is financially inadequate. The Notice of Change to the Directors' Circular indicated that although the IAMGold shareholders voted against the proposed arrangement with Wheaton River, a break fee may still be payable by IAMGold to Wheaton River if Golden Star's offer is successful.

On July 12, 2004, Mr. Bradford sent a further letter to Mr. Conway requesting that Mr. Conway advise of the nature and content of any discussions between IAMGold and Wheaton River with respect to the payment of break fees and any opinions or advice that may have been received from IAMGold's counsel or counsel to the special committee. Mr. Bradford also asked that IAMGold confirm that our offer would not trigger any change of control provisions in the joint venture/shareholder agreements with respect to IAMGold's Material Interests in light of the fact that no such provisions were disclosed in either IAMGold's Directors' Circular dated June 24, 2004 or the Notice of Change to its Directors' Circular dated July 8, 2004.

On July 13, 2004, Mr. Conway responded by letter to Mr. Bradford's letters of July 7, 9 and 12, but gave no further guidance regarding the applicability of the break fee or the existence of change of control provisions in the joint venture/shareholder agreements. The letter also did not address the timing of access to due diligence materials. The letter further stated that IAMGold had adopted a shareholder rights plan and that Golden Star's bid would be considered in the context of the special committee and RBC Capital Markets identifying and pursuing alternatives to maximize shareholder value. IAMGold also stated that it no longer intended to ask Golden Star for a special form of confidentiality agreement.

On July 13, 2004, IAMGold announced that its Board of Directors had adopted a shareholder rights plan that will terminate automatically on August 15, 2004. The rights plan provides, among other things, that if Golden Star were to acquire 20% or more of the outstanding IAMGold shares without the approval of IAMGold's board of directors, each IAMGold shareholder, other than Golden Star and persons acting with Golden Star, would be able to purchase additional IAMGold shares at a 50% discount to the market price at that time. IAMGold stated that the purpose of the rights plan was to provide sufficient time to bring forward alternatives to maximize shareholder value.

Also on July 13, 2004, at IAMGold's direction Mr. Bradford contacted RBC Capital Markets, IAMGold's financial advisors, to request a copy of the confidentiality agreement that potential bidders for IAMGold would be required to sign. RBC Capital Markets advised Mr. Bradford that while a form of confidentiality agreement would be finalized that day, a copy would not be provided to us at this time. RBC Capital Markets stated that IAMGold's priority was to deal first with any other interested parties who might come forward. RBC Capital Markets advised Mr. Bradford that while IAMGold intends to make due diligence materials available to other parties, it is not willing to provide such information to Golden Star on a timely basis.

Later on July 13, 2004, Mr. Bradford wrote a further letter to Mr. Conway advising Mr. Conway of our discussions with RBC Capital Markets and asking IAMGold to reconsider its position on due diligence access. In that letter, Mr. Bradford also reiterated our request that IAMGold provide us with the required information regarding break fees payable to Wheaton River.

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A further letter was sent to Golden Star by Joe Conway on July 13, 2004 stating that it would not be in the interests of IAMGold shareholders to provide additional confidential information to Golden Star at this time.

Coeur d'Alene Mines Corporation filed formal offer documents with the U.S. Securities and Exchange Commission on July 13, 2004 which are being mailed to all U.S. shareholders of Wheaton River. Later that day, Coeur d'Alene announced that the formal offer documents with respect to its offer to shareholders of Wheaton River are being completed and would be made available to Canadian shareholders as soon as practicable. In accordance with our pre-offer agreement with Coeur d'Alene, if Coeur d'Alene completes its proposed combination with Wheaton River and we successfully complete the offer, Coeur d'Alene or Wheaton River will pay to IAMGold a fee of \$26 million in lieu of either Wheaton River or IAMGold paying a break fee.

On July 14, we were notified that we had received the necessary approvals with respect to the offer under the Investment Canada Act.

Golden Star's Board of Directors met on July 15, 2004 with management and its legal and financial advisors to discuss the possible extension of the offer and the variation of certain conditions. The Board considered various alternatives with respect to the expiry of the offer and the conditions of the offer and sought and received advice from its legal and financial advisors. The Board approved the extension of the offer and the variation of the conditions of the offer on the terms set out in the Notice of Extension and Variation.

On July 15, 2004, we made an application to the Ontario Securities Commission to set aside the shareholder rights plan adopted by IAMGold's Board of Directors on July 13, 2004 on the basis that it constituted an improper defensive response to our offer.

5. Take-Up of Deposited IAMGold Shares

If all of the conditions referred to in Section 2 of the Offer to Purchase, Conditions to the Offer, as varied by the Notice of Variation and this Notice of Extension and Variation, have been fulfilled or, where permitted, waived at the expiry time of our offer, we will take up and pay for the IAMGold shares deposited under the offer and not withdrawn no later than 10 days from the expiry date, and will pay for the IAMGold shares taken up as soon as possible, but, in any event not later than three business days after taking up the IAMGold shares, other than the payment of amounts with respect to the contingent payment entitlement which shall be paid in the manner described in Section 1 of the Notice of Variation Increase in Price Offered for IAMGold Shares. See Section 3 of the Offer to Purchase, Payment for Deposited IAMGold Shares.

6. Right to Withdraw Deposited IAMGold Shares

IAMGold shares may be withdrawn by or on behalf of a depositing shareholder (unless otherwise required or permitted by applicable law) (a) at any time where the IAMGold shares have not been taken up; (b) at any time before the expiration of ten days from the date of a notice of change or variation in respect of the offer; or (c) if we have not taken up and paid for the shareholder's IAMGold shares within three business days after having been taken up.

7. Subsequent Acquisition Transaction

Under the original conditions to our offer, we were not required to take up and pay for any IAMGold shares tendered to the offer unless 66 2/3% of the shares of IAMGold (on a fully diluted basis) were deposited at the expiry time. We have amended the Minimum Tender Condition of the offer to provide that 50.1% of the shares of IAMGold (on a fully diluted basis) must be deposited before we are required to take up and pay for the IAMGold shares. See Section 2 of this Notice of Extension and Variation, Conditions to the Offer. If we acquire less than 66 2/3%, it may be more difficult to cause the subsequent amalgamation.

In the event that 66 2/3% of the IAMGold shares are tendered to our offer and taken up and paid for, we would have the ability to control decisions of IAMGold, including decisions regarding fundamental changes to IAMGold (which would include our planned amalgamation, other changes to IAMGold's capital structure, or

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significant dispositions). As a result of reducing the Minimum Tender Condition, we may acquire initially less than 66 2/3% of the IAMGold shares. In these circumstances, we would not be able to cause or control IAMGold fundamental changes without purchasing additional IAMGold shares. Also, we would not be able to guarantee the requisite vote to cause the subsequent amalgamation, which would be a fundamental change requiring the approval of the holders of 66 2/3% of the IAMGold shares.

If we initially acquire less than 66 2/3% of the IAMGold shares under the offer, we may decide to acquire additional IAMGold shares in accordance with applicable law in order to obtain the 66 2/3% of outstanding IAMGold shares necessary to approve the planned amalgamation. Pursuant to applicable securities laws and subject to any exemption therefrom, we will be required to complete the amalgamation within 120 days of the expiry of the offer in order to vote our IAMGold shares in connection with the applicable minority approval requirements and to be exempt from the requirement to prepare a formal valuation of the IAMGold shares and the Golden Star shares.

In the event we do not complete a subsequent amalgamation, we may not be able to integrate the operations of IAMGold and Golden Star or to realize the anticipated synergies. Additionally, if we do not complete a subsequent amalgamation on a timely basis, the exchange of IAMGold shares for Golden Star shares pursuant to the offer may not be treated as being made pursuant to a reorganization for U.S. tax purposes. See Section 11 of the Notice of Variation, Certain U.S. Tax Considerations .

8. Variations to the Offer

The Offer, as amended by the Notice of Variation, should be read as amended in order to give effect to the amendments set forth in this Notice of Extension and Variation.

9. Directors Approval

The contents of this Notice of Extension and Variation have been approved, and the sending thereof to the IAMGold shareholders has been authorized, by our board of directors.

10. Offerees Statutory Rights

Securities legislation in certain of the provinces and territories of Canada provides securityholders of IAMGold with, in addition to any other rights that they may have at law, rights of rescission or damages, or both, if there is a misrepresentation in a circular or notice that is required to be delivered to such securityholders. However, such rights must be exercised within prescribed time limits. Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for the particulars of those rights or consult with a lawyer.

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CONSENT OF PRICEWATERHOUSECOOPERS LLP

To the Directors of

GOLDEN STAR RESOURCES LTD. (Golden Star)

We have read the Notice of Extension and Variation of Golden Star dated July 15, 2004 relating to the offer by Golden Star to purchase all of the outstanding shares of IAMGold Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the Notice of Extension and Variation of our compilation report dated July 15, 2004 to the Directors of Golden Star on the unaudited pro forma consolidated statements of operations for the year ended December 31, 2003 and the three month period ended March 31, 2004 and the unaudited pro forma consolidated balance sheet of Golden Star as at December 31, 2003.

Calgary, Alberta
July 15, 2004

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

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APPROVAL AND CERTIFICATE OF THE OFFEROR

The contents of this Notice of Extension and Variation have been approved by, and the sending thereof to the shareholders has been authorized by, the Board of Directors. The foregoing, together with the Offer to Purchase and Circular dated June 9, 2004 and the Notice of Variation dated June 30, 2004, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or the market price of the securities which are the subject of the Offer.

Dated: July 15, 2004.

(Signed) PETER BRADFORD
Chief Executive Officer

(Signed) ALLAN MARTER
Chief Financial Officer

On behalf of the Board of Directors

(Signed) IAN MACGREGOR
Director

(Signed) LARS-ERIC JOHANSSON
Director

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ANNEX A

GOLDEN STAR PRO FORMA FINANCIAL STATEMENTS

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PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF

GOLDEN STAR RESOURCES LTD.

COMPILATION REPORT

To the Directors of Golden Star Resources Ltd.

We have read the accompanying unaudited pro forma consolidated balance sheet of Golden Star Resources Ltd. (the Company) as at March 31, 2004 and unaudited pro forma consolidated statements of operations for the three month period then ended, and for the year ended December 31, 2003, all of which have been prepared in accordance with Canadian Generally Accepted Accounting Principles. We have performed the following procedures.

1. Compared the figures in the columns captioned Golden Star Resources Ltd. to the consolidated financial statements of Golden Star Resources Ltd. as at March 31, 2004 and for the three month period then ended, and found them to be in agreement, or recalculated those figures based on information in such consolidated financial statements, and found the amounts to be arithmetically correct.
2. Compared the figures in the columns captioned IAMGold Corporation to the consolidated financial statements of IAMGold Corporation as at March 31, 2004 and for the three month period then ended, and found them to be in agreement, or recalculated those figures based on information in such consolidated financial statements, and found the amounts to be arithmetically correct.
3. Compared the figures in the column captioned Golden Star Resources Ltd. to the consolidated financial statements of Golden Star Resources Ltd. for the year ended December 31, 2003, and found them to be in agreement, or recalculated those figures based on information in such audited consolidated financial statements, and found the amounts to be arithmetically correct.
4. Compared the figures in the column captioned IAMGold Corporation to the audited consolidated financial statements of IAMGold Corporation for the year ended December 31, 2003, and found them to be in agreement, or recalculated those figures based on information in such audited consolidated financial statements, and found the amounts to be arithmetically correct.
5. Made enquiries of certain officials of the Company who have responsibility for financial and accounting matters about:
 - a. the basis for determination of the pro forma adjustments; and
 - b. whether the pro forma consolidated financial statements comply as to form in all material respects with the securities acts of the provinces and territories of Canada (the Acts) and the related regulations.

The officials:

- a. described to us the basis for determination of the pro forma adjustments; and
 - b. stated that the pro forma consolidated financial statements comply as to form in all material respects with the Acts and related regulations.
6. Read the notes to the pro forma consolidated financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
 7. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned Golden Star Resources Ltd. and IAMGold Corporation as at March 31, 2004 and for the three month period then ended and found the amounts in the column captioned Pro Forma Consolidated to be arithmetically correct.
 8. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned Golden Star Resources Ltd. and IAMGold Corporation for the year ended

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December 31, 2003 and found the amounts in the column captioned "Pro Forma Consolidated" to be arithmetically correct.

These pro forma consolidated financial statements are based on management's assumptions and adjustments, which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma condensed consolidated financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

(Signed) PRICEWATERHOUSECOOPERS LLP

Chartered Accountants
Calgary, Alberta
July 15, 2004

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PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF GOLDEN STAR RESOURCES LTD.

DESCRIPTION OF OFFER TO PURCHASE IAMGOLD CORPORATION

(All monetary figures are in United States dollars)

Golden Star Resources Ltd. (Golden Star , the Company , us , we) announced on May 27, 2004 a proposed business combination with IAMGold Corporation (IAMGold). On June 28, 2004 we increased our offer to exchange 1.15 Golden Star common shares for each common share of IAMGold, to an exchange ratio of 1.25 Golden Star shares or 1.15 Golden Star shares plus Cdn\$0.50 cash per IAMGold share. Assuming that all IAMGold shareholders elect the all share option, the offer would result in the issuance of approximately 188.4 million Golden Star shares, and assuming that all IAMGold shareholders elect the cash and share option, the offer would result in the issuance of approximately 173.3 million Golden Star shares, each for approximately 150.7 million IAMGold common shares (assuming all in-the-money options to purchase IAMGold common shares as of July 13, 2004 are exercised). In addition, Golden Star will pay a further Cdn\$0.20 in cash per IAMGold share to the IAMGold shareholders in the event that no break fee is paid or becomes payable to Wheaton River Minerals Ltd.

Assuming that all IAMGold shareholders elect the all share option and that all IAMGold shares are exchanged in this offer, immediately following the exchange, approximately 45% of the shares would be held by current Golden Star shareholders and approximately 55% of the shares would be held by current IAMGold shareholders, calculated on a fully diluted basis. As the relative share ownership of the two groups of shareholders is similar, it is expected that Golden Star's board of directors and management will retain their positions in the combined entity and Golden Star's corporate office will continue to be the headquarters of the combined entity, Golden Star is considered to be the acquirer for the purposes of purchase accounting. In accordance with this assumption, IAMGold's assets and liabilities have been restated in the pro forma financial statements presented below, to reflect their estimated fair values as of the date of the announcement of the proposed acquisition.

The pro forma financial statements are based upon a Golden Star common share price of \$5.10, this amount being the average closing common share price of Golden Star three days before and after the day of the date of the public announcement of Golden Star's proposed business combination with IAMGold.

As a consequence of the nature of the transaction, there may be, and likely will be, actions and other events or changes initiated by IAMGold that would significantly change purchase prices and purchase price allocations. Also, Golden Star has not had access to proprietary and confidential corporate financial and other information of IAMGold and has not had an opportunity to undertake any due diligence procedures. Such information and procedures may provide Golden Star with additional information that could materially affect the purchase price paid for the acquisition of IAMGold, the purchase price allocation and, accordingly, the assumptions and pro forma adjustments. Identified factors which may have a significant impact on the basis and results of the combinations are described in Note 3 of the accompanying notes to the Pro Forma Consolidated Financial Statements.

The combination of Golden Star and IAMGold is subject to, among other things, regulatory approval. The fair value of IAMGold's assets and liabilities will ultimately be determined after the completion of the transaction. Therefore, it is likely that the fair values of assets and liabilities will vary from those shown and the differences may be material.

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The preliminary allocation of the purchase price (\$000s) summarized in the table below is subject to change:

| | |
|---------------------------------------|------------|
| Purchase price | |
| 150,724,379 IAMGold shares (1) | \$ 960,240 |
| Estimated acquisition costs | 10,000 |
| | \$ 970,240 |
| Net assets acquired | |
| Cash and cash equivalents(2) | \$ 57,304 |
| Non-cash working capital | 72,560 |
| Other long-term assets | 30,748 |
| Equity investments in mine properties | 77,000 |
| Royalty interests | 78,000 |
| Property, plant and equipment | 116,382 |
| Goodwill(2) | 605,372 |
| Rehabilitation provision | (6,034) |
| Long-term debt | (11,399) |
| Future income taxes, net | (53,707) |
| Share purchase loans | 266 |
| Deferred stock-based compensation | 3,748 |
| | \$ 970,240 |

-
1. The amount shown is an estimated price based on the number of IAMGold shares outstanding on June 4, 2004 and assumes that all IAMGold shareholders elect the all share option rather than the cash and share option, and assumes the exercise of all IAMGold options where the market price on July 13, 2004 exceeds such option's exercise price, or in-the-money IAMGold options. The contingent payment of Cdn\$0.20 is not included in the purchase price calculation.
 2. The allocation shown above assumes IAMGold will pay a \$23 million break fee to Wheaton River. If Wheaton River were to combine with Coeur d'Alene, we would then receive a \$26 million payment in lieu of the break fee from Coeur d'Alene per an agreement between us and Coeur d'Alene. See Pre-Offer Agreement with Coeur d'Alene. If we receive the \$26 million payment from Coeur d'Alene, our cash would be \$49 million higher and the goodwill would be \$49 million lower than shown above.

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BASIS OF PRESENTATION

Set out below are the unaudited consolidated pro forma statements of operation for the year ended December 31, 2003 and three months ended March 31, 2004 and the unaudited consolidated pro forma balance sheet of Golden Star at March 31, 2004. These statements have been prepared by the management of Golden Star to assist you in your analysis of the financial effects of the proposed business combination of Golden Star and IAMGold.

The Golden Star information has been derived from our historical unaudited financial statements as of and for the three months ended March 31, 2004 and from our historical audited financial statements for the year ended December 31, 2003. Our historical data was prepared using accounting principles generally accepted in Canada.

IAMGold's information has been compiled solely from publicly available information for the same periods as Golden Star's, as described above. IAMGold has not provided us access to their detailed accounting records nor has IAMGold assisted us in preparing any of the data contained in the pro forma financial statements shown below. IAMGold's historical data was prepared using accounting principles generally accepted in Canada.

It is management's opinion that these pro forma consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the transaction described above in accordance with Canadian generally accepted accounting principles applied on a basis consistent with Golden Star's accounting policies.

The pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of Golden Star which would have actually resulted had the proposed transactions been effected on the dates indicated. Further, the pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. The unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements and notes thereto of Golden Star and IAMGold, described above.

The pro forma consolidated financial statements assume that IAMGold will combine with Golden Star, and Wheaton River will not combine with Coeur d'Alene. As a result, IAMGold would be required to pay a \$23 million break fee to Wheaton River. It also assumes that all of IAMGold's shareholders elect the all share option rather than the cash and share option. If all of IAMGold's shareholders elect the cash and share option, the change in the pro forma balance sheet would be a \$57 million decrease in the combined company's cash and a \$20 million decrease in goodwill, offset by a \$77 million decrease in share capital. If the contingent payment of Cdn\$0.20 per IAMGold share is made, the impact on the pro forma financial statements would be substantially offset by the elimination of the break fee payable to Wheaton River. If Wheaton River agrees to combine with Coeur d'Alene, rather than IAMGold paying a \$23 million break fee, we would receive a \$26 million break fee from Coeur d'Alene. The accounting effect of this event on the pro forma financial statements would be a \$49 million increase in the combined entity's cash and a \$49 million reduction in goodwill on the balance sheet of the combined entity both at March 31, 2004 under Canadian GAAP and at December 31, 2003 under US GAAP. This change would not affect net income or earnings per share.

Table of Contents**GOLDEN STAR RESOURCES LTD.****PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

Year ended December 31, 2003

(Unaudited)

(Expressed in thousands of United States dollars, except per share amounts and unless otherwise stated)

| | As Reported | | | | |
|--|-----------------|------------------|---------|-----------------------|------------------------|
| | Golden Star | IAMGold | Note | Pro Forma Adjustments | Pro Forma Consolidated |
| Gold sales | \$63,512 | \$ 96,607 | 3(l) | \$(1,654) | \$ 158,465 |
| Royalties | | 4,504 | | | 4,504 |
| Interest and other income | 858 | | | | 858 |
| Total Revenues | 64,370 | 101,111 | | (1,654) | 163,827 |
| Cost of mining operations | 32,125 | 56,336 | | | 88,461 |
| Depreciation, depletion and amortization | 4,993 | 26,552 | 3(g)(k) | 6,405 | 37,950 |
| Accretion of asset retirement obligation | 578 | 1,368 | 3(k) | (1,084) | 862 |
| Exploration expense | 594 | 5,496 | 3(j) | (5,496) | 594 |
| General and administrative expense | 5,566 | 6,626 | 3(k) | 1,840 | 14,032 |
| Foreign exchange (gain)/loss | (2,331) | 576 | | | (1,755) |
| Interest and other expense | 217 | 987 | | | 1,204 |
| Total Expenses | 41,742 | 97,941 | | 1,665 | 141,348 |
| Income before investment income, equity income and minority interest | 22,628 | 3,170 | | (3,319) | 22,479 |
| Investment income | 1,905 | 2,421 | | | 4,326 |
| Equity income | | 9,650 | | (551) | 9,099 |
| Minority interest | (2,577) | | | | (2,577) |
| Income before income taxes | 21,956 | 15,241 | | (3,870) | 33,327 |
| Income tax | | (202) | 3(h) | 710 | 508 |
| Net income | \$21,956 | \$ 15,039 | | \$(3,160) | \$ 33,835 |
| Earnings per share | | | 1A(a) | | |
| Basic | | | | | \$ 0.113 |
| Diluted | | | | | \$ 0.110 |
| Weighted-average number of shares outstanding (in thousands of shares) | | | 1A(b) | | |
| Basic | | | | | 299,356 |
| Diluted | | | | | 306,292 |

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Table of Contents**GOLDEN STAR RESOURCES LTD.****PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

First Quarter ended March 31, 2004

(Unaudited)

(Expressed in thousands of United States dollars, except per share amounts and unless otherwise stated)

| | As Reported | | | Pro Forma Adjustments | Pro Forma Consolidated |
|--|-----------------|-----------------|-------|--------------------------|---------------------------|
| | Golden Star | IAMGold | Note | | |
| Gold sales | \$ 19,265 | \$ 26,105 | 3(l) | \$ (414) | \$ 44,956 |
| Royalties | | 1,527 | | | 1,527 |
| Interest and other income | 592 | 1,324 | | | 1,916 |
| Total Revenues | 19,857 | 28,956 | | (414) | 48,399 |
| Cost of mining operations | 9,125 | 15,558 | | | 24,683 |
| Depreciation, depletion, amortization and accretion | 2,437 | 7,582 | 3(g) | 1,833 | 11,852 |
| Exploration expense | 234 | 1,068 | 3(j) | (1,068) | 234 |
| General and administrative expense | 1,856 | 2,328 | | | 4,184 |
| Interest and other expense/(income) | 289 | (43) | | | 246 |
| Total Expenses | 13,941 | 26,493 | | 765 | 41,199 |
| Income before investment income, equity income and minority interest | 5,916 | 2,463 | | (1,179) | 7,200 |
| Equity income | | 4,116 | | (115) | 4,001 |
| Minority interest | (722) | | | | (722) |
| Income before income taxes | 5,194 | 6,579 | | (1,294) | 10,479 |
| Income tax | | (673) | 3(h) | 453 | (220) |
| Net income | \$ 5,194 | \$ 5,906 | | \$ (841) | \$ 10,259 |
| Earnings per share | | | 1B(a) | | |
| Basic | | | | | \$ 0.032 |
| Diluted | | | | | \$ 0.031 |
| Weighted-average number of shares outstanding (in thousands of shares) | | | 1B(b) | | |
| Basic | | | | | 321,563 |
| Diluted | | | | | 334,792 |

Table of Contents**GOLDEN STAR RESOURCES LTD.****PRO FORMA CONSOLIDATED BALANCE SHEET**

March 31, 2004

(Unaudited)
(Expressed in thousands of United States dollars)

As Reported

| | Golden Star | IAMGold | Note | Pro Forma Adjustments | Pro Forma Consolidated |
|--|-------------------|-------------------|------|--------------------------|---------------------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash and cash equivalents | \$ 86,017 | \$ 65,745 | 3(d) | \$ (18,441) | \$ 133,321 |
| Gold bullion | | 47,445 | 3(c) | 14,054 | 61,499 |
| Accounts receivable | 1,667 | 20,646 | | | 22,313 |
| Inventory | 14,227 | 9,601 | | | 23,828 |
| Other | 1,918 | | | | 1,918 |
| | <u>103,829</u> | <u>143,437</u> | | <u>(4,387)</u> | <u>242,879</u> |
| Restricted cash | 3,317 | | | | 3,317 |
| Marketable securities | | 1,102 | 3(c) | 1,377 | 2,479 |
| Property plant and equipment | 18,930 | 83,397 | 3(c) | 32,985 | 135,312 |
| Deferred exploration and development | 3,850 | | 3(c) | 5,500 | 9,350 |
| Mine construction in progress | 32,988 | | | | 32,988 |
| Mining properties | 64,398 | | | | 64,398 |
| Stockpiled ore | | 14,598 | | | 14,598 |
| Equity investment in mining properties | | 63,922 | 3(c) | 13,078 | 77,000 |
| Royalty interest | | 62,089 | 3(c) | 15,911 | 78,000 |
| Goodwill | | 74,886 | 3(e) | 530,486 | 605,372 |
| Future income taxes | | 43 | 3(c) | (43) | |
| Long-term receivables | | 6,933 | | | 6,933 |
| Other | 2,282 | 1,238 | | | 3,520 |
| | <u>\$ 229,594</u> | <u>\$ 451,645</u> | | <u>\$ 594,907</u> | <u>\$ 1,276,146</u> |
| LIABILITIES | | | | | |
| CURRENT | | | | | |
| Accounts payable and accrued liabilities | \$ 6,582 | \$ 19,186 | | \$ | \$ 25,768 |
| Construction retention payable | 1,375 | | | | 1,375 |
| Royalties payable | 582 | | | | 582 |
| Current debt | 142 | | | | 142 |
| | <u>8,681</u> | <u>19,186</u> | | | <u>27,867</u> |
| Long-term debt | 610 | 11,399 | | | 12,009 |
| Future income taxes | | 20,336 | 3(h) | 33,371 | 53,707 |
| Asset retirement obligations | 7,919 | 6,034 | | | 13,953 |
| Other | | 1,241 | 3(c) | (1,241) | |
| | <u>17,210</u> | <u>58,196</u> | | <u>32,130</u> | <u>107,536</u> |
| Minority interest | 8,197 | | | | 8,197 |
| SHAREHOLDERS EQUITY | | | | | |
| Share purchase options | | 4,560 | 3(c) | (4,560) | |
| Deferred stock-based compensation | | | | (3,748) | (3,748) |

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| | | | | |
|----------------------|-------------------|-------------------|-------------------|---------------------|
| Share purchase loans | | (266) | | (266) |
| Share capital | 328,209 | 343,243 | (343,243) | 328,209 |
| | | | 960,240 | 960,240 |
| Retained earnings | (124,022) | 45,912 | (45,912) | (124,022) |
| | <u>\$ 229,594</u> | <u>\$ 451,645</u> | <u>\$ 594,907</u> | <u>\$ 1,276,146</u> |

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Table of Contents**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)****(Expressed in thousands of United States dollars or shares except per share amounts)****1. PRO FORMA EARNINGS PER SHARE****A. Based on Golden Star's common shares outstanding at December 31, 2003.**

| | |
|--|-------------------|
| (a) Pro forma basic earnings per share | |
| The number of Golden Star common shares outstanding is as follows: | |
| Number of Golden Star common shares outstanding as of December 31, 2003 | 132,924 |
| The number of Golden Star common shares to be issued to IAMGold shareholders | 188,405 |
| | <u> </u> |
| Pro forma number of Golden Star common shares outstanding | 321,329 |
| | <u> </u> |

The weighted-average number of Golden Star common shares for computation of pro forma basic earnings per share is as follows:

| | |
|--|-------------------|
| Weighted-average number of Golden Star common shares outstanding as of December 31, 2003 | 110,951 |
| The number of Golden Star common shares to be issued to IAMGold shareholders | 188,405 |
| | <u> </u> |
| Pro forma basic weighted-average number of Golden Star common shares outstanding | 299,356 |
| | <u> </u> |
| Pro forma net income | \$ 33,835 |
| | <u> </u> |
| Pro forma basic earnings per share | \$ 0.113 |
| | <u> </u> |
| (b) Pro forma diluted earnings per share | |
| Pro forma weighted-average number of Golden Star common shares outstanding | 299,356 |
| Dilutive effect of Golden Star stock options and warrants | 6,936 |
| | <u> </u> |
| Pro forma dilutive weighted-average number of Golden Star common shares outstanding | 306,292 |
| | <u> </u> |
| Pro forma dilutive earnings per share | \$ 0.110 |
| | <u> </u> |

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(Unaudited)

(Expressed in thousands of United States dollars or shares except per share amounts)

B. Based on Golden Star's common shares outstanding at March 31, 2004.

| | |
|--|-------------------|
| (a) Pro forma basic earnings per share | |
| The number of Golden Star common shares outstanding is as follows: | |
| Number of Golden Star common shares outstanding as of March 31, 2004 | 133,312 |
| The number of Golden Star common shares to be issued to IAMGold shareholders | 188,405 |
| | <u> </u> |
| Pro forma number of Golden Star common shares outstanding | 321,717 |
| | <u> </u> |

The weighted-average number of Golden Star common shares for computation of pro forma basic earnings per share is as follows:

| | |
|---|-------------------|
| Weighted-average number of Golden Star common shares outstanding as of March 31, 2004 | 133,158 |
| The number of Golden Star common shares to be issued to IAMGold shareholders | 188,405 |
| | <u> </u> |
| Pro forma basic weighted-average number of Golden Star common shares | 321,563 |
| | <u> </u> |
| Pro forma net income | \$ 10,259 |
| | <u> </u> |
| Pro forma basic earnings per share | \$ 0.032 |
| | <u> </u> |
| (b) Pro forma diluted earnings per share | |
| Pro forma weighted-average number of Golden Star common shares outstanding | 321,563 |
| Dilutive effect of Golden Star stock options and warrants | 13,229 |
| | <u> </u> |
| Pro forma dilutive weighted-average number of Golden Star common shares outstanding | 334,792 |
| | <u> </u> |
| Pro forma dilutive earnings per share | \$ 0.031 |
| | <u> </u> |

Table of Contents**2. PRO FORMA FINANCIAL STATEMENTS UNDER U.S. GAAP****A. Pro Forma Consolidated Balance Sheet Under U.S. GAAP as of December 31, 2003****(Unaudited)****(Expressed in thousands of United States dollars)**

| | As Reported | | | | |
|--|-------------------|-------------------|------|-----------------------|------------------------|
| | Golden Star | IAMGold | Note | Pro Forma Adjustments | Pro Forma Consolidated |
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash and cash equivalents | \$ 89,970 | \$ 53,171 | 3(d) | \$ (18,441) | \$ 124,700 |
| Gold bullion | | 47,283 | 3(c) | 12,958 | 60,241 |
| Accounts receivable | 790 | 2,714 | | | 3,504 |
| Inventory | 12,661 | | | | 12,661 |
| Other | 1,514 | 155 | | | 1,669 |
| | <u>104,935</u> | <u>103,323</u> | | <u>(5,483)</u> | <u>202,775</u> |
| Restricted cash | 3,317 | | | | 3,317 |
| Marketable securities | | 2,479 | | | 2,479 |
| Property plant and equipment | 18,202 | | | | 18,202 |
| Deferred exploration and development | | | 3(c) | 5,500 | 5,500 |
| Mine construction in progress | 25,647 | | | | 25,647 |
| Mining properties | 46,478 | | | | 46,478 |
| Equity investment in mining properties | | 175,665 | 3(c) | 48,839 | 224,505 |
| Royalty interest | | 62,603 | 3(c) | 15,397 | 78,000 |
| Goodwill | | 74,886 | 3(e) | 540,733 | 615,619 |
| Long-term receivables | 1,000 | 975 | 3(c) | (975) | 1,000 |
| Other | 758 | 1,239 | | | 1,997 |
| | <u>\$ 200,337</u> | <u>\$ 421,170</u> | | <u>\$ 604,011</u> | <u>\$ 1,225,518</u> |
| LIABILITIES | | | | | |
| Current liabilities | \$ 8,151 | \$ 12,941 | | \$ | \$ 21,092 |
| Long-term debt | 657 | | | | 657 |
| Future income taxes | | 21,425 | 3(h) | 34,589 | 56,014 |
| Asset retirement obligations | 7,745 | | | | 7,745 |
| | <u>16,553</u> | <u>34,366</u> | | <u>34,589</u> | <u>85,508</u> |
| Minority interest | 3,367 | | | | 3,367 |
| SHAREHOLDERS EQUITY | | | | | |
| Share purchase options | | 8,789 | 3(c) | (8,789) | |
| Deferred stock-based compensation | | | | (3,748) | (3,748) |
| Share purchase loans | | (266) | | | (266) |
| Share capital | 324,609 | 347,681 | | (347,681) | 324,609 |
| | | | | 960,240 | 960,240 |
| Contributed surplus | | 78 | | (78) | |
| Accumulated comprehensive income | 1,316 | 1,086 | | (1,086) | 1,316 |
| Retained earnings | (145,508) | 29,436 | | (29,436) | (145,508) |
| | <u>\$ 200,337</u> | <u>\$ 421,170</u> | | <u>\$ 604,011</u> | <u>\$ 1,225,518</u> |

Table of Contents**B. Reconciliation of December 2003 Statement of Operations to U.S. GAAP**

| | |
|---|-----------|
| Golden Star net income as reported | \$ 13,357 |
| IAMGold's net income as reported | 12,802 |
| Additional depreciation, depletion and amortization from increases in IAMGold's asset fair values | (5,963) |
| Eliminate deferred revenue - fair value nil | (1,654) |
| Income tax impact of adjustments | 2,666 |
| | <hr/> |
| Pro forma net income - U.S. GAAP | \$ 21,208 |
| | <hr/> |
| Other comprehensive income: | |
| IAMGold's gain on marketable securities | 1,086 |
| Eliminate IAMGold's gain on marketable securities - note 3(n) | (1,086) |
| Golden Star's loss on marketable securities | (548) |
| | <hr/> |
| Pro forma comprehensive income | \$ 20,660 |
| | <hr/> |
| Earning per share (in U.S. dollars) | |
| Basic | \$ 0.071 |
| Diluted | \$ 0.069 |
| Comprehensive income per share (in U.S. dollars) | |
| Basic | \$ 0.069 |
| Diluted | \$ 0.067 |
| Weighted average number of shares outstanding (in thousands of shares) | |
| Basic | 299,356 |
| Diluted | 306,292 |

Financial statements for IAMGold at March 31, 2004 and for the three months then ended, prepared in accordance with U.S. GAAP are not available.

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(Expressed in thousands of United States dollars or shares except per share amounts)

C. Pro Forma Earnings Per Share Under U.S. GAAP for the Year Ended December 31, 2003 (Unaudited)**(a) Pro forma basic earnings per share under U.S. GAAP**

The number of Golden Star common shares outstanding is as follows:

| | |
|--|---------|
| Number of Golden Star common shares outstanding as of December 31, 2003 | 132,924 |
| The number of Golden Star common shares to be issued to IAMGold shareholders | 188,405 |
| | <hr/> |
| Pro forma number of Golden Star common shares outstanding | 321,329 |
| | <hr/> |

The weighted-average number of Golden Star common shares for computation of pro forma basic earnings per share is as follows:

| | |
|---|-----------|
| Weighed-average number of Golden Star common shares outstanding as of December 31, 2003 | 110,951 |
| The number of Golden Star common shares to be issued to IAMGold shareholders | 188,405 |
| | <hr/> |
| Pro forma basic weighted-average number of Golden Star common shares outstanding | 299,356 |
| | <hr/> |
| Pro forma net income under U.S. GAAP | \$ 21,208 |
| | <hr/> |
| Pro forma basic earnings per share under U.S. GAAP | \$ 0.071 |
| | <hr/> |

(b) Pro forma diluted earnings per share under U.S. GAAP

| | |
|--|----------|
| Pro forma weighted-average number of Golden Star common shares outstanding | 299,356 |
| Dilutive effect of Golden Star stock options and warrants | 6,936 |
| | <hr/> |
| Pro forma dilutive weighed-average number of Golden Star common shares outstanding | 306,292 |
| | <hr/> |
| Pro forma dilutive earnings per share under U.S. GAAP | \$ 0.069 |
| | <hr/> |

(c) Pro forma comprehensive income per share

| | |
|--------------------------------------|---------|
| Comprehensive income per share basic | \$0.069 |
| | <hr/> |

Comprehensive income per share diluted

\$0.067

3. SIGNIFICANT ASSUMPTIONS AND ADJUSTMENTS

The pro forma consolidated financial statements include the following pro forma assumptions and adjustments:

(a) The unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of Golden Star for the year ended December 31, 2003.

(b) The December 31, 2003 and the March 31, 2004 pro forma statements of operations assume that the acquisition occurred on January 1, 2003. The March 31, 2004 balance sheet assumes the acquisition occurred at March 31, 2004.

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(c) All of IAMGold's assets and liabilities have been restated where appropriate to reflect estimated fair values using purchase accounting concepts. Estimated mining property and equity investment fair values are based upon discounted cash flow analysis.

(d) IAMGold's transaction costs are estimated to be \$5 million. Golden Star's transaction costs and fees, including advisors, legal, accounting, exchange fees, regulatory fees, and IAMGold rationalization costs will total approximately \$10 million. It is also assumed that IAMGold will pay a \$23 million break fee to Wheaton River. See Pre-Offer Agreement with Coeur d'Alene. Assumes that all of IAMGold's shareholders elect the all share option rather than the cash and share option, and that in-the-money IAMGold options outstanding as of July 13, 2004 are exercised for cash and the IAMGold shares issued are exchanged for Golden Star shares.

(e) The excess of the purchase price over the fair value of the net assets is shown as goodwill. The goodwill shown in the pro forma financial statements is based upon a preliminary analysis of the factors involved in determining fair values. The final allocation of the purchase price and the fair values of IAMGold's assets and liabilities is subject to completion of definitive appraisals which would be carried out following completion of the acquisition.

(f) No adjustments have been made to reflect expected synergies or cost savings of the proposed transaction.

(g) Amortization has been adjusted to reflect adjustments of asset basis to fair value.

(h) The impact of differences between the fair value and the tax value of assets and liabilities has been reflected in the future tax balance and the resulting impact on income tax expense has been reflected on the statements of operations.

(i) The pro forma information has been compiled using a Golden Star common share price of \$5.10 per share, being the average of the closing price on the AMEX for the three days before and after May 27, 2004, the date of announcement of Golden Star's proposed business combination with IAMGold.

(j) IAMGold's 2003 and first quarter 2004 exploration costs have been capitalized as deferred exploration to correspond with Golden Star's accounting policy.

(k) During the first quarter of 2004, IAMGold changed its accounting policies with respect to the accounting for Asset Retirement Obligations and share options. Golden Star changed its accounting policies for Asset Retirement Obligations and share options effective January 1, 2003. Therefore, IAMGold's statement of operations for the year ended December 31, 2003 has been restated to account for these changes in accounting policies using the information disclosed in IAMGold's audited consolidated financial statements for the year ended December 31, 2003, and the consolidated financial statements for the three months ended March 31, 2004.

(l) Deferred revenues related to hedge positions closed in past periods were assigned a fair value of nil and therefore the revenue recognized in IAMGold's statements of operations has been reversed on the Golden Star pro forma statements of operation.

(m) The gain on marketable securities recognized by IAMGold in comprehensive income is eliminated as a pro forma adjustment since the marketable securities were adjusted to fair value in the acquisition of IAMGold by Golden Star.

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The Depositary for the Offer is:

CIBC MELLON TRUST COMPANY

Toronto

By Mail

P.O. Box 1036
Adelaide Street Postal Station
Toronto, ON M5C 2K4

By Hand or by Courier

199 Bay Street
Commerce Court West
Securities Level
Toronto, ON M5L 1G9

Telephone: (416) 643-5500
Toll Free: 1-800-387-0825
E-Mail: inquiries@cibcmellon.com

Vancouver

By Hand or by Courier

1066 West Hastings Street
Suite 1600
Vancouver, B.C.
V6E 3X1

The Dealer Manager for the Offer is:

BMO NESBITT BURNS

In Canada

BMO Nesbitt Burns Inc.
1 First Canadian Place
4th Floor, P.O. Box 150
Toronto, Ontario
M5X 1H3

In the United States

Harris Nesbitt Corp.
3 Times Square
New York, New York
10036

Telephone: 1-866-758-9860

The Information Agent for the Offer is:

INNISFREE M&A INCORPORATED

501 Madison Avenue, 20th Floor
New York, New York
10022

Shareholders Call Toll-Free
1-877-825-8772 (English Speakers)
1-877-825-8777 (French Speakers)

Banks and Brokers Call Collect:
212-750-5833

Any questions and requests for assistance may be directed by Shareholders to the Dealer Manager, the Depositary or the Information Agent at their respective telephone numbers and locations set out above.

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PART II

INFORMATION NOT REQUIRED TO BE SENT TO SHAREHOLDERS

The following documents are filed as exhibits to this Schedule:

- 1.1 A report of take-over bid filed with Autorité des marchés financiers (Quebec) (1)
- 2.1 Annual Report on Form 10-K dated February 3, 2004 for the year ended December 31, 2003 (incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003).
- 2.2 Management Proxy Circular dated April 23, 2004 (excluding those portions that, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference herein) (incorporated by reference to the Company's Schedule 14A filed on April 27, 2004).
- 2.3 Audited consolidated annual financial statements of Golden Star for the financial years ended December 31, 2003, 2002 and 2001, together with the management's discussion and analysis of financial condition and results of operations of Golden Star for that period (incorporated by reference to Items 7 and 8 of the Company's Form 10-K for the years ended December 31, 2003, December 31, 2002 and December 31, 2001).
- 2.4 Unaudited financial statements of Golden Star for the three months ended March 31, 2004, together with the management's discussion and analysis of financial condition and results of operations of Golden Star for that period (incorporated by reference to Items 1 and 2 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
- 2.5 Material change report dated January 28, 2004. (1)
- 2.6 Material change report dated February 4, 2004. (1)
- 2.7 Material change report dated May 27, 2004. (1)
- 2.8 Material change report dated June 4, 2004. (1)
- 2.9 Letter to IAMGold Corporation shareholders from Golden Star Resources Ltd. (1)
- 2.10 Letter to IAMGold Corporation shareholders from Golden Star Resources Ltd. dated June 30, 2004. (2)

(1) Previously filed as an exhibit to the bidder's Schedule 14D-1F filed June 10, 2004.

(2) Previously filed as an exhibit to the bidder's Amendment No. 1 to Schedule 14D-1F filed July 1, 2004.

PART III

UNDERTAKINGS AND CONSENT TO SERVICE OF PROCESS

Undertakings

- a. Golden Star Resources Ltd. undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to this Schedule or to transactions in said securities.
- b. Golden Star Resources Ltd. undertakes to disclose in the United States, on the same basis as it is required to make such disclosure pursuant to applicable Canadian federal and/or provincial or territorial laws, regulations or policies, or otherwise discloses, information

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regarding purchases of the issuer's securities in connection with the exchange offer covered by this Schedule. Such information shall be set forth in amendments to this Schedule.

- c. Golden Star Resources Ltd. undertakes to disclose in the United States, on the same basis as it is required to make such disclosure pursuant to any applicable Canadian federal and/or provincial or

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territorial law, regulation or policy, or otherwise discloses, information regarding purchases of the issuer's or bidder's securities in connection with the offer.

PART IV

SIGNATURES

By signing this Schedule, Golden Star Resources Ltd. consents without power of revocation that any administrative subpoena may be served, or any administrative proceeding, civil suit or civil action where the cause of action arises out of or relates to or concerns any offering made or purported to be made in connection with the filing on Schedule 14D-1F or any purchases or sales of any security in connection therewith, may be commenced against it in any administrative tribunal or in any appropriate court in any place subject to the jurisdiction of any state or of the United States by service of said subpoena or process upon the registrant's designated agent.

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 15, 2004

GOLDEN STAR RESOURCES LTD.

By: /s/ ALLAN J. MARTER

Name: Allan J. Marter

Title: Senior Vice President, Chief Financial
Officer and Corporate Secretary

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