

FIRST SUPPLEMENTAL OFFERING CIRCULAR

Morgan Stanley

as issuer and guarantor
(incorporated under the laws of the State of Delaware in the United States of America)

MORGAN STANLEY FINANCE LLC

as issuer
(formed under the laws of the State of Delaware in the United States of America)

Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates

Morgan Stanley (“**Morgan Stanley**”) and Morgan Stanley Finance LLC, a wholly-owned finance subsidiary of Morgan Stanley (“**MSFL**”, together with Morgan Stanley, the “**Issuers**”), and Morgan Stanley, in its capacity as guarantor (in such capacity, the “**Guarantor**”) have prepared this first supplemental offering circular (the “**First Supplemental Offering Circular**”) to supplement and be read in conjunction with the offering circular dated 10 April 2017 (the “**Offering Circular**”) in relation to the Issuers’ Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates.

This First Supplemental Offering Circular has been approved by:

- (i) the Irish Stock Exchange as supplementary listing particulars, pursuant to the listing and admission to trading rules of the Irish Stock Exchange, for the purpose of providing information with regard to the Issuers and the Guarantor for the purposes of admitting Program Securities to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market. The Global Exchange Market is the exchange regulated market of the Irish Stock Exchange and is not a regulated market for the purposes of Directive 2004/39/EC;
- (ii) the SIX Swiss Exchange pursuant to points 12 et seq. of the directive of the SIX Swiss Exchange on the listing of notes for the purpose of giving certain information with regard to the Issuers and the Guarantor; and
- (iii) the Luxembourg Stock Exchange pursuant to Regulation 809/2004 (as amended) of the European Commission and the appendices to the Rules and Regulations of the Luxembourg Stock Exchange, to be admitted to trading on the Luxembourg Stock Exchange’s Euro MTF market and to the Official List of the Luxembourg Stock Exchange, for the purpose of providing information with regard to the Issuers and the Guarantor. The Luxembourg Stock Exchange’s Euro MTF market is not a regulated market for the purposes of Directive 2004/39/EC.

Warning: This First Supplemental Offering Circular does not constitute a “supplement” for the purposes of Directive 2003/71/EC (as amended by Directive 2010/73/EU, the “**Prospectus Directive**”), and this First Supplemental Offering Circular and the Offering Circular have been prepared on the basis that no prospectus shall be required under the Prospectus Directive for any Program Securities to be offered and sold under the Offering Circular. Neither the Offering Circular nor this First Supplemental Offering Circular have been approved or reviewed by any regulator which is a competent authority under the Prospectus Directive in the European Economic Area (the “**EEA**”).

Terms defined in the Offering Circular shall have the same meaning when used in this First Supplemental Offering Circular. To the extent that there is any inconsistency between any statement in this First Supplemental Offering Circular and any other statement in, or incorporated by reference in to, the Offering Circular, the statements in this First Supplemental Offering Circular will prevail.

The purpose of this First Supplemental Offering Circular is to:

- (a) disclose the publication by MSFL of its annual report and financial statements for the year ended 31 December 2016 (the “**MSFL 2016 Annual Report**”) and incorporate by reference, as set out in “Part A” of this First Supplemental Offering Circular;
- (b) make certain consequential amendments to the Offering Circular as set out in “Part B” of this First Supplemental Offering Circular;

- (c) make certain other amendments to the Offering Circular, as set out in “Part B” of this First Supplemental Offering Circular.

Each of the Issuers and the Guarantor (the “**Responsible Persons**”) accepts responsibility for the information contained in this First Supplemental Offering Circular and to the best of the knowledge of the Responsible Persons (each having taken all reasonable care to ensure that such is the case), the information contained in this First Supplemental Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Responsible Persons confirms that save as disclosed in this First Supplemental Offering Circular, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular has arisen since the publication of the Offering Circular.

Any information or documents incorporated by reference into the MSFL 2016 Annual Report does not form part of this First Supplemental Offering Circular and any information or documents which are not incorporated by reference are either not relevant for the investor or covered in another part of this First Supplemental Offering Circular.

This First Supplemental Offering Circular and the MSFL 2016 Annual Report are available for viewing, and copies may be obtained from the offices of the Issuers and the Paying Agents and are also available on Morgan Stanley's website at www.morganstanleyiq.eu and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

18 May 2017

MORGAN STANLEY

MORGAN STANLEY FINANCE LLC

PART A - INCORPORATION BY REFERENCE

This First Supplemental Offering Circular incorporates by reference the MSFL 2016 Annual Report and supplements the section entitled “*Incorporation by Reference*” contained on pages 28-31 of the Offering Circular.

This First Supplemental Offering Circular and the MSFL 2016 Annual Report are available on Morgan Stanley's website at www.morganstanleyiq.eu and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

The information incorporated by reference must be read in conjunction with the cross-reference table below which supplements the table of information incorporated by reference in the section entitled “*Incorporation by Reference*” contained on pages contained on pages 28-31 of the Offering Circular.

The following documents and/or information shall be deemed to be incorporated by reference in, and to form part of, the Offering Circular:

Document filed	Information incorporated by reference	Page(s)
Morgan Stanley Finance LLC		
Report and Financial Statements for the year ended 31 December 2016 ¹		
	(1) Director’s Report	3-8
	(2) Director’s Responsibility Statement	9
	(3) Independent Auditors' Report	12-13
	(4) Statement of Financial Condition	14
	(5) Statement of Comprehensive Income	15
	(6) Statement of Cash Flows	16
	(7) Statement of Changes in Member’s Equity	17
	(8) Notes to the Financial Statements	18-33

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in the Offering Circular.

¹ The pdf page numbers were used to refer to the relevant pages of the financial statements of Morgan Stanley Finance LLC.

PART B – OTHER CONSEQUENTIAL AMENDMENTS TO THE OFFERING CIRCULAR

The Offering Circular is hereby amended as follows:

1. The section entitled “*Selected key financial information relating to MSFL*” on page 2 of the Offering Circular under “Summary” shall be deemed to be deleted in its entirety and replaced by the following:

Selected key financial information relating to MSFL:

	<u>31 December 2015</u>	<u>31 December 2016</u>
<i>Net Income</i>	110,072,000	10,771,000
<i>Total Assets</i>	6,942,318,599	2,143,572,000
<i>Total Liabilities</i>	1,713,099,832	2,154,905,000

2. On page 289 of the Offering Circular, paragraph 1(b) under the heading “*No material adverse change in prospects*” shall be deemed to be deleted in its entirety and replaced by the following:

“(b) *MSFL, since 31 December 2016, the date of the latest published audited financial statements of MSFL.*”

3. On page 289 of the Offering Circular, paragraph 2(b) under the heading “*No significant change in the financial or trading position*” shall be deemed to be deleted in its entirety and replaced by the following:

“(b) *MSFL, since 31 December 2016, the date of the latest published audited financial statements of MSFL.*”

4. On page 31 of the Offering Circular, the following paragraph shall be added at the end of the section entitled “Incorporation by Reference”:

“*For the avoidance of doubt, all information in respect of MSFL contained in the Registration Document (as supplemented by the First Registration Document Supplemented and the Second Registration Document Supplement is incorporated by reference in to the Offering Circular.*”

5. On page 130 of the Offering Circular, the text within item 6 (i) “Specified Denominations” of the Pro Forma Pricing Supplement for the Notes shall be deleted in its entirety and replaced by the following:

“6. *Specified Denominations:*

*[●] [and integral multiples of [●] in excess thereof].
(N.B. where multiple denominations above €100,000
(or its equivalent in other currencies) are being used
the following sample wording should be followed:*

*[€100,000] and integral multiples of [€1,000] in excess
thereof up to and including [€199,000]. No Notes in
definitive form will be issued with a denomination
above [€199,000]”)*

*(NB: The exchange upon notice at any time shall not be
applicable if this language is used. Furthermore, such
Specified Denomination construction is not permitted in
relation to any issuance of Notes which is to be*

represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.)

(N.B. Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)).