

Final Terms dated 17 May 2011

International Bank for Reconstruction and Development

Issue of USD 10,000,000 Zero Coupon Callable Notes due 20 May 2041

under the
Global Debt Issuance Facility

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Prospectus dated May 28, 2008. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Prospectus.

SUMMARY OF THE NOTES

1. Issuer:	International Bank for Reconstruction and Development (“ IBRD ”)
2. (i) Series Number:	3977
(ii) Tranche Number:	1
3. Specified Currency or Currencies (Condition 1(d)):	United States Dollar (“ USD ”)
4. Aggregate Nominal Amount:	
(i) Series:	USD 10,000,000
(ii) Tranche:	USD 10,000,000
5. Issue Price:	100 per cent. of the Aggregate Nominal Amount
6. Specified Denominations (Condition 1(b)):	USD 1,000,000
7. Issue Date:	20 May 2011
8. Maturity Date (Condition 6(a)):	20 May 2041
9. Interest Basis (Condition 5):	Zero Coupon (further particulars specified in Term 16 below)
10. Redemption/Payment Basis (Condition 6):	Each Note will be redeemed at its Optional Redemption Amount, its Early Redemption Amount or its Final Redemption Amount, as applicable.
11. Change of Interest or Redemption/Payment Basis:	Not Applicable
12. Call/Put Options (Condition 6):	Call Option (further particulars specified in Term 17 below)
13. Status of the Notes (Condition 3):	Unsecured and unsubordinated
14. Listing:	Luxembourg Stock Exchange
15. Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 16. Zero Coupon Note Provisions (Condition 5(c)): | Applicable |
| (i) Amortization Yield (Condition 6(c)(ii)): | 5.165 per cent. on an annual basis |
| (ii) Day Count Fraction (Condition 5(l)): | 30/360 |
| (iii) Any other formula/basis of determining amount payable: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 17. Call Option (Condition 6(d)): | Applicable |
| (i) Optional Redemption Date(s): | 20 May in each year from and including 20 May 2012 to and including 20 May 2040 |
| (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | The Optional Redemption Amount per Specified Denomination for each Optional Redemption Date is set out opposite such date in the table below, expressed as a percentage of the Specified Denomination, and payable on the applicable Optional Redemption Date: |

Optional Redemption Date	Optional Redemption Amount expressed as a percentage of the Specified Denomination
20 May 2012	105.165000 per cent.
20 May 2013	110.596772 per cent.
20 May 2014	116.309096 per cent.
20 May 2015	122.316460 per cent.
20 May 2016	128.634105 per cent.
20 May 2017	135.278057 per cent.
20 May 2018	142.265169 per cent.
20 May 2019	149.613165 per cent.
20 May 2020	157.340685 per cent.
20 May 2021	165.467331 per cent.
20 May 2022	174.013719 per cent.
20 May 2023	183.001527 per cent.
20 May 2024	192.453556 per cent.
20 May 2025	202.393782 per cent.
20 May 2026	212.847421 per cent.
20 May 2027	223.840990 per cent.
20 May 2028	235.402378 per cent.
20 May 2029	247.560910 per cent.

	20 May 2030	260.347431 per cent.
	20 May 2031	273.794376 per cent.
	20 May 2032	287.935856 per cent.
	20 May 2033	302.807743 per cent.
	20 May 2034	318.447763 per cent.
	20 May 2035	334.895590 per cent.
	20 May 2036	352.192947 per cent.
	20 May 2037	370.383712 per cent.
	20 May 2038	389.514031 per cent.
	20 May 2039	409.632431 per cent.
	20 May 2040	430.789946 per cent.
(iii) Notice period:	A minimum of 5 (five) London and New York Business Days prior to the relevant Optional Redemption Date.	
18. Final Redemption Amount of each Note (Condition 6):	453.040247 per cent. of the Specified Denomination (which equates to USD 4,530,402.47 per Specified Denomination)	
19. Early Redemption Amount (Condition 6(c)):	As set out in the Conditions	
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
20. Form of Notes (Condition 1(a)):	Registered Notes: Global Registered Certificate available on Issue Date.	
21. New Global Note:	No	
22. Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)):	London and New York	
23. Governing law (Condition 14):	English	
24. Other final terms:	Not Applicable	
DISTRIBUTION		
25. (i) If syndicated, names of Managers and underwriting commitments:	Not Applicable	
(ii) Stabilizing Manager(s) (if any):	Not Applicable	
26. If non-syndicated, name of Dealer:	The Royal Bank of Scotland plc	
27. Additional selling restrictions:	Not Applicable	
OPERATIONAL INFORMATION		
28. ISIN Code:	XS0629565770	
29. Common Code:	062956577	
30. Delivery:	Delivery against payment	

31. Registrar and Transfer Agent (if any): Citibank, N.A., London Branch
32. Intended to be held in a manner which would allow Eurosystem eligibility: No

GENERAL INFORMATION

IBRD's most recent Information Statement was issued on 22 September, 2010.

LISTING APPLICATION

These Final Terms comprise the final terms required for the admission to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's regulated market of the Notes described herein issued pursuant to the Global Debt Issuance Facility of International Bank for Reconstruction and Development.

RESPONSIBILITY

IBRD accepts responsibility for the information contained in these Final Terms.

Signed on behalf of IBRD:

By:

Name:

Title:

Duly authorized