

**Final Terms dated 26 May 2011**

**International Bank for Reconstruction and Development**

Issue of USD 10,000,000 Zero Coupon Callable Notes due 1 June 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 (“ <b>IBRD</b> ”)  |
| 2. (i) Series Number:                                 | 3980   |
| (ii) Tranche Number:                                  | 1  |
| 3. Specified Currency or Currencies (Condition 1(d)): | United States Dollars (“ <b>USD</b> ”)   |
| 4. Aggregate Nominal Amount:                          |  |
| (i) Series:   | USD 10,000,000   |
| (ii) Tranche:   | USD 10,000,000   |
| 5. (i) Issue Price:                                   | 100 per cent. of the Aggregate Nominal Amount  |
| (ii) Net proceeds:                                    | USD 10,000,000   |
| 6. Specified Denominations (Condition 1(b)):          | USD 100,000  |
| 7. Issue Date:  | 1 June 2011  |
| 8. Maturity Date (Condition 6(a)):                    | 1 June 2041  |
| 9. Interest Basis (Condition 5):                      | Zero Coupon (further particulars specified 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<br>(further particulars specified 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**

- |   |            |
|---|------------|
| 16. Zero Coupon Note Provisions (Condition 5(c)): | Applicable |
|---|------------|

(i)	Amortization Yield (Condition 6(c)(ii)):	5.19 per cent. per annum
(ii)	Day Count Fraction (Condition 5(l)):	30/360
(iii)	Any other formula/basis of determining amount payable:	Not Applicable

## PROVISIONS RELATING TO REDEMPTION

17.	Call Option (Condition 6(d)):	Applicable																																																
(i)	Optional Redemption Date(s):	1 June in each year, from and including 1 June 2012 to and including 1 June 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:																																																
		<table><tr><th>Optional Redemption Date</th><th>Optional Redemption Amount expressed as a percentage of the Specified Denomination</th></tr><tr><td>1 June 2012</td><td>105.190000 per cent.</td></tr><tr><td>1 June 2013</td><td>110.649361 per cent.</td></tr><tr><td>1 June 2014</td><td>116.392063 per cent.</td></tr><tr><td>1 June 2015</td><td>122.432811 per cent.</td></tr><tr><td>1 June 2016</td><td>128.787074 per cent.</td></tr><tr><td>1 June 2017</td><td>135.471123 per cent.</td></tr><tr><td>1 June 2018</td><td>142.502074 per cent.</td></tr><tr><td>1 June 2019</td><td>149.897932 per cent.</td></tr><tr><td>1 June 2020</td><td>157.677635 per cent.</td></tr><tr><td>1 June 2021</td><td>165.861104 per cent.</td></tr><tr><td>1 June 2022</td><td>174.469295 per cent.</td></tr><tr><td>1 June 2023</td><td>183.524251 per cent.</td></tr><tr><td>1 June 2024</td><td>193.049160 per cent.</td></tr><tr><td>1 June 2025</td><td>203.068411 per cent.</td></tr><tr><td>1 June 2026</td><td>213.607662 per cent.</td></tr><tr><td>1 June 2027</td><td>224.693900 per cent.</td></tr><tr><td>1 June 2028</td><td>236.355513 per cent.</td></tr><tr><td>1 June 2029</td><td>248.622364 per cent.</td></tr><tr><td>1 June 2030</td><td>261.525865 per cent.</td></tr><tr><td>1 June 2031</td><td>275.099057 per cent.</td></tr><tr><td>1 June 2032</td><td>289.376698 per cent.</td></tr><tr><td>1 June 2033</td><td>304.395349 per cent.</td></tr><tr><td>1 June 2034</td><td>320.193468 per cent.</td></tr></table>	Optional Redemption Date	Optional Redemption Amount expressed as a percentage of the Specified Denomination	1 June 2012	105.190000 per cent.	1 June 2013	110.649361 per cent.	1 June 2014	116.392063 per cent.	1 June 2015	122.432811 per cent.	1 June 2016	128.787074 per cent.	1 June 2017	135.471123 per cent.	1 June 2018	142.502074 per cent.	1 June 2019	149.897932 per cent.	1 June 2020	157.677635 per cent.	1 June 2021	165.861104 per cent.	1 June 2022	174.469295 per cent.	1 June 2023	183.524251 per cent.	1 June 2024	193.049160 per cent.	1 June 2025	203.068411 per cent.	1 June 2026	213.607662 per cent.	1 June 2027	224.693900 per cent.	1 June 2028	236.355513 per cent.	1 June 2029	248.622364 per cent.	1 June 2030	261.525865 per cent.	1 June 2031	275.099057 per cent.	1 June 2032	289.376698 per cent.	1 June 2033	304.395349 per cent.	1 June 2034	320.193468 per cent.
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1 June 2035	336.811509 per cent.
1 June 2036	354.292026 per cent.
1 June 2037	372.679782 per cent.
1 June 2038	392.021863 per cent.
1 June 2039	412.367797 per cent.
1 June 2040	433.769686 per cent.

(iii) Notice period:	Not less than five London and New York Business Days prior to the Optional Redemption Date
18. Final Redemption Amount of each Note (Condition 6):	USD 456,282,33 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:	HSBC Bank plc
27. Additional selling restrictions:	Not Applicable

#### **OPERATIONAL INFORMATION**

28. ISIN Code:	XS0630957537
29. Common Code:	063095753
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:	Not Applicable

#### **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