

Final Terms dated January 17, 2012
International Bank for Reconstruction and Development

Issue of USD 214,000,000 Callable Zero Coupon Notes due January 20, 2042
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

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| 1. Issuer: | International Bank for Reconstruction and Development (“ IBRD ”) |
| 2. (i) Series Number: | 4042 |
| (ii) Tranche Number: | 1 |
| 3. Specified Currency or Currencies (Condition 1(d)): | United States Dollar (“ USD ”) |
| 4. Aggregate Nominal Amount: | |
| (i) Series: | USD 214,000,000 |
| (ii) Tranche: | USD 214,000,000 |
| 5. (i) Issue Price: | 27.8757395 per cent. of the Aggregate Nominal Amount |
| (ii) Net proceeds: | USD 59,654,082.61 |
| 6. Specified Denominations (Condition 1(b)): | USD 250,000 |
| 7. Issue Date: | January 20, 2012 |
| 8. Maturity Date (Condition 6(a)): | January 20, 2042 |
| 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
(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)): 4.35 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): As set out in Term 17(ii) below.
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): The Optional Redemption Amount 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
January 20, 2013	29.088334 per cent.
January 20, 2014	30.353677 per cent.
January 20, 2015	31.674062 per cent.
January 20, 2016	33.051883 per cent.
January 20, 2017	34.489640 per cent.
January 20, 2018	35.989940 per cent.
January 20, 2019	37.555502 per cent.
January 20, 2020	39.189166 per cent.
January 20, 2021	40.893895 per cent.
January 20, 2022	42.672780 per cent.
January 20, 2023	44.529045 per cent.
January 20, 2024	46.466059 per cent.
January 20, 2025	48.487332 per cent.
January 20, 2026	50.596531 per cent.
January 20, 2027	52.797481 per cent.
January 20, 2028	55.094171 per cent.
January 20, 2029	57.490767 per cent.
January 20, 2030	59.991616 per cent.
January 20, 2031	62.601251 per cent.

January 20, 2032	65.324405 per cent.
January 20, 2033	68.166017 per cent.
January 20, 2034	71.131239 per cent.
January 20, 2035	74.225448 per cent.
January 20, 2036	77.454255 per cent.
January 20, 2037	80.823515 per cent.
January 20, 2038	84.339338 per cent.
January 20, 2039	88.008099 per cent.
January 20, 2040	91.836451 per cent.
January 20, 2041	95.831337 per cent.

- (iii) Notice period: 5 Frankfurt, London and New York Business Days prior to the relevant Optional Redemption Date
18. Final Redemption Amount of each Note (Condition 6): 100 per cent. of the Aggregate Nominal Amount (which for the avoidance of doubt equates to USD 250,000 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)): Frankfurt, 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: DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Platz der Republik
60265 Frankfurt am Main
Germany
27. Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

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|---|-------------------------------|
| 28. ISIN Code: | XS0731209267 |
| 29. Common Code: | 073120926 |
| 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 October 4, 2011.

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