Final Terms dated 24 January 2011

International Bank for Reconstruction and Development

Issue of USD 10,000,000 Zero Coupon Callable Notes due 27 January 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: 3949
   (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: 27 January 2011

8. Maturity Date (Condition 6(a)): 27 January 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

16. Zero Coupon Note Provisions (Condition 5(c)):
   (i) Amortization Yield (Condition 6(c)(ii)):
       5.20 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

17. Call Option (Condition 6(d)):
   (i) Optional Redemption Date(s):
       27 January in each year from and including 27 January 2012 to and including 27 January 2040.
   (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):

       | Optional Redemption Date | Optional Redemption Amount expressed as a percentage of the Specified Denomination |
       |--------------------------|---------------------------------------------------------------------------------|
       | 27 January 2012          | 105.200000 per cent.                                                            |
       | 27 January 2013          | 110.670400 per cent.                                                            |
       | 27 January 2014          | 116.425261 per cent.                                                            |
       | 27 January 2015          | 122.479374 per cent.                                                            |
       | 27 January 2016          | 128.848302 per cent.                                                            |
       | 27 January 2017          | 135.548414 per cent.                                                            |
       | 27 January 2018          | 142.596931 per cent.                                                            |
       | 27 January 2019          | 150.011971 per cent.                                                            |
       | 27 January 2020          | 157.812594 per cent.                                                            |
       | 27 January 2021          | 166.018849 per cent.                                                            |
       | 27 January 2022          | 174.651829 per cent.                                                            |
       | 27 January 2023          | 183.733724 per cent.                                                            |
       | 27 January 2024          | 193.287878 per cent.                                                            |
       | 27 January 2025          | 203.338847 per cent.                                                            |
       | 27 January 2026          | 213.912467 per cent.                                                            |
       | 27 January 2027          | 225.035916 per cent.                                                            |
       | 27 January 2028          | 236.737783 per cent.                                                            |
       | 27 January 2029          | 249.048148 per cent.                                                            |
27 January 2030 261.998652 per cent.
27 January 2031 275.622582 per cent.
27 January 2032 289.954956 per cent.
27 January 2033 305.032614 per cent.
27 January 2034 320.894310 per cent.
27 January 2035 337.580814 per cent.
27 January 2036 355.135016 per cent.
27 January 2037 373.602037 per cent.
27 January 2038 393.466869 per cent.
27 January 2039 413.466869 per cent.
27 January 2040 434.967146 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): 457.585437 per cent. of the Specified Denomination (which equates to USD4,575,854.37 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: XS0580462561
29. Common Code: 058046256
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