Final Terms dated June 24, 2011

International Bank for Reconstruction and Development

Issue of

USD 10,000,000 Step Up Fixed Rate Notes due December 29, 2014

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 forms an integral part of 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: 3987
   (ii) Tranche Number: 1

3. Specified Currency or Currencies (Condition 1(d)): United States Dollars (“USD”)

4. Aggregate Nominal Amount:
   (i) Series: USD 10,000,000.00
   (ii) Tranche: USD 10,000,000.00

5. Issue Price: 100.00 per cent. of the Aggregate Nominal Amount

6. Specified Denominations (Condition 1(b)): USD 1,000

7. Issue Date: June 29, 2011

8. Maturity Date (Condition 6(a)): December 29, 2014

9. Interest Basis (Condition 5): Step-Up Fixed Rate (further particulars specified below)

10. Redemption/Payment Basis (Condition 6): Redemption at par

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: None

15. Method of distribution: Non-syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions (Condition 5(a)):
   (i) Rate of Interest: From and including the Issue Date, to but excluding December 29, 2012: 1.00 per cent. Per annum
       From and including December 29, 2012, to but excluding December 29, 2013: 1.50 per cent. Per annum
       From and including December 29, 2014, to but excluding December 29, 2014: 2.50 per cent. Per annum
   (ii) Interest Payment Dates: June 29 and December 29 in each year, commencing December 29, 2011 up to and including Maturity Date
   (iii) Day Count Fraction (Condition 5(l)): 30/360
   (iv) Other terms relating to the method of calculating interest for Fixed Rate Notes: Not Applicable

PROVISIONS RELATING TO REDEMPTION

17. Call Option (Condition 6(d)):
   (i) Optional Redemption Date(s): June 29, September 29, December 29 and March 29 in each year, commencing September 29, 2011 to and including September 29, 2014.
   (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amounts: USD 1,000 per Specified Denomination, plus any accrued and unpaid interest
   (iii) Notice Period: Five (5) New York Business Days prior to the relevant Optional Redemption Date

18. Final Redemption Amount of each Note (Condition 6): USD 1,000 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)): Fed Bookentry Notes:
   Fed Bookentry Notes available on Issue Date

21. New Global Note: No

22. Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)): New York


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: FTN Financial Securities Corp
27. Total commission and concession: Not Applicable
28. Additional selling restrictions: Not Applicable

**OPERATIONAL INFORMATION**

29. ISIN Code: US459056HS93
30. CUSIP: 459056HS9
31. Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and The Depository Trust Company and the relevant identification number(s): Bookentry system of the Federal Reserve Banks
32. Delivery: Delivery against payment
33. Intended to be held in a manner which would allow Eurosystem eligibility: Not Applicable

**GENERAL INFORMATION**

IBRD’s most recently published Information Statement was issued on September 22, 2010.

**RESPONSIBILITY**

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

Signed on behalf of IBRD:

By: ............................................
    Name: ........................................
    Title: ......................................
    Duly authorized