

Pricing Supplement



International Bank for Reconstruction and Development

Global Debt Issuance Facility

No. 3497

USD10,000,000 Callable Zero Coupon Notes due January 28, 2038

Morgan Stanley

The date of this Pricing Supplement is January 23, 2008

This document ("**Pricing Supplement**") is issued to give details of an issue by International Bank for Reconstruction and Development (the "**Bank**") under its Global Debt Issuance Facility.

This Pricing Supplement supplements the terms and conditions in, and incorporates by reference, the Prospectus dated October 7, 1997 and all documents incorporated by reference therein (the "**Prospectus**"), and should be read in conjunction with the Prospectus. Unless otherwise defined in this Pricing Supplement, terms used herein have the same meaning as in the Prospectus.

Terms and Conditions

The following items under this heading "Terms and Conditions" are the particular terms which relate to the issue the subject of this Pricing Supplement. These are the only terms which form part of the form of Notes for such issue:

1. No: 3497
2. Aggregate Principal Amount: USD10,000,000
3. Issue Price: 100.00 per cent. of the Aggregate Principal Amount
4. Issue Date: January 28, 2008
5. Form of Notes (Condition 1(a)): Bearer Notes only
6. Authorized Denominations (Condition 1(b)): USD1,000,000
7. Specified Currency (Condition 1(d)): United States Dollars ("USD")
8. Maturity Date: January 28, 2038
9. Interest Basis (Condition 5): Zero Coupon (see paragraph 10 below)
10. Zero Coupon (Conditions 5(IV) and 6(c)):
 - (a) Amortization Yield: 6.550 per cent.
 - (b) Reference Price: Not Applicable
 - (c) Basis: Not Applicable
 - (d) Fixed Rate Day Count Fraction(s) if not 30/360 basis: Not Applicable
11. Relevant Financial Center: New York
12. Relevant Business Days: New York and London
13. Redemption Amount (if other than Principal Amount) (Condition 6(a)): 670.816323 per cent. of the Authorized Denomination
14. Issuer's Optional Redemption (Condition 6(e)):
 - (a) Notice Period: Not less than ten Relevant Business Days
 - (b) Amount: All (and not less than all)
 - (c) Date(s): January 28 in each year commencing on and including January 28, 2009 and ending on and

including January 28, 2037 (each, an “**Issuer’s Optional Redemption Date**”)

(d) Early Redemption Amount:

The Early Redemption Amount for each Issuer Optional Redemption Date is set out opposite such date in the table below, expressed as a percentage of the Authorized Denomination, and payable on the applicable Issuer’s Optional Redemption Date:

Issuers’ Optional Redemption Date	Early Redemption Amount expressed as a percentage of the Authorized Denomination
January 28, 2009	106.550000 per cent.
January 28, 2010	113.529025 per cent.
January 28, 2011	120.965176 per cent.
January 28, 2012	128.888395 per cent.
January 28, 2013	137.330585 per cent.
January 28, 2014	146.325738 per cent.
January 28, 2015	155.910074 per cent.
January 28, 2016	166.122184 per cent.
January 28, 2017	177.003187 per cent.
January 28, 2018	188.596896 per cent.
January 28, 2019	200.949993 per cent.
January 28, 2020	214.112217 per cent.
January 28, 2021	228.136567 per cent.
January 28, 2022	243.079513 per cent.
January 28, 2023	259.001221 per cent.
January 28, 2024	275.965801 per cent.
January 28, 2025	294.041560 per cent.
January 28, 2026	313.301283 per cent.
January 28, 2027	333.822517 per cent.
January 28, 2028	355.687892 per cent.
January 28, 2029	378.985448 per cent.
January 28, 2030	403.808995 per cent.
January 28, 2031	430.258484 per cent.
January 28, 2032	458.440415 per cent.
January 28, 2033	488.468262 per cent.
January 28, 2034	520.462934 per cent.
January 28, 2035	554.553256 per cent.
January 28, 2036	590.876494 per cent.

January 28, 2037	629.578904 per cent.
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(e) Notices:

So long as the Notes are represented by a Permanent Global Note and the Permanent Global Note is held on behalf of a clearing system notwithstanding Condition 13, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders

Any notice delivered to a clearing system in accordance with the preceding sentence shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the clearing system

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| 15. | Redemption at the option of the Noteholders (Condition 6(f)): | No |
| 16. | Long Maturity Note (Condition 7(f)): | No |
| 17. | Unmatured Coupons Void: | No |
| 18. | Talons for future coupons to be attached to the Definitive Bearer Notes (Condition 7(h)): | Not Applicable |
| 19. | Early Redemption Amount (including accrued interest, if applicable) (Condition 9): | <p>The Early Redemption Amount for Notes which become due and payable under Condition 9 during the period from and including the Issue Date to but excluding January 28, 2009 shall be calculated in accordance with Condition 6(c). For the purposes of this paragraph 19 and the calculation of the Early Redemption Amount for Notes which become due and payable under Condition 9 during the period from and including the Issue Date to but excluding January 28, 2009 only, the term "Reference Price" in Condition 6(c)(ii) shall mean "USD10,000,000" and the term Principal Amount shall mean "USD67,081,632.30".</p> <p>The Early Redemption Amount for Notes which become due and payable under Condition 9 during the period from and including January 28, 2009 to but excluding the Maturity Date shall be the Early Redemption Amount which is set out in paragraph 14(d), expressed as a percentage of the Authorized Denomination, and which corresponds to the Issuer's Optional Redemption Date which immediately precedes the date on which such Notes have become due and payable under Condition 9, together with interest which accrues (using the Fixed Rate Day Count Fraction set out in Condition 6(c)(ii) at the rate of the</p> |

Amortisation Yield from, and including, such Issuer's Optional Redemption Date to, but excluding, the Relevant Date)

20. Prescription (Condition 8):
- (a) Principal: 10 years
 - (b) Interest: Not Applicable
21. Governing Law of the Notes: English

Other Relevant Terms

1. Listing (if yes, specify Stock Exchange): Yes - Luxembourg Stock Exchange
2. Details of Clearance System approved by the Bank and the Global Agent and Clearance and Settlement Procedures: Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V. Payment for the Notes will be on a payment versus delivery basis.
3. Syndicated: No
4. Commissions and Concessions: None
5. Codes:
- (a) Common Code: 034106355
 - (b) ISIN: XS0341063559
6. Identity of Dealer: Morgan Stanley & Co. International plc
7. Provisions for Bearer Notes:
- (a) Exchange Date: Not earlier than March 10, 2008
 - (b) Permanent Global Note: Yes
 - (c) Definitive Bearer Notes: No
8. Other Address at which Bank Information available: None

General Information

The Bank's latest Information Statement was issued on September 14, 2007.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

United States Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Pricing Supplement, the Prospectus or any other document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussions are written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

This summary supplements, and to the extent inconsistent therewith, supersedes the summary entitled “Tax Matters” in the Prospectus.

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (“JAGTRRA”), a capital gain of a noncorporate United States Holder that is recognised before 1 January 2009 is generally taxed at a maximum rate of 15% for property that is held more than one year. Holders should consult their tax advisors with respect to the provisions of JAGTRRA.

The following additional selling restrictions apply to the issue:

1. United States: TEFRA D Rules apply.
The Notes are subject to United States tax law restrictions. Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to United States persons except to the extent permitted in the Terms Agreement.
2. United Kingdom: Each Dealer has represented and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

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