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**PRICING SUPPLEMENT  
AND  
SUPPLEMENTAL PROSPECTUS**

**International Bank for Reconstruction and Development  
Global Multicurrency Note Program**

No: 594

ZAR 3,000,000,000 Zero Coupon Global Bonds due 2027

Issue Price of ZAR 2,000,000,000 of the Notes (the "Tranche 1 Notes"): 3.15%

Issue Price of ZAR 1,000,000,000 of the Notes (the "Tranche 2 Notes"): 3.20%

- MORGAN STANLEY & CO. INTERNATIONAL LIMITED
- SOCIETE GENERALE STRAUSS TURNBULL SECURITIES LIMITED
- J.P. MORGAN SECURITIES LTD.
- HAMBROS BANK LIMITED
- THE TORONTO-DOMINION BANK
- ABN AMRO BANK N.Y.
- BANQUE BRUXELLES LAMBERT S.A.
- COMMERZBANK AKTIENGESELLSCHAFT
- CREDIT SUISSE FIRST BOSTON (EUROPE) LIMITED
- CREDITO ITALIANO
- DEUTSCHE BANK AG LONDON
- ING BANK N.Y.
- KRDIETBANK INTERNATIONAL GROUP
- MIDLAND BANK PLC
- NORDDEUTSCHE LANDESBANK GIBOZENTRALE
- PRUDENTIAL-BACHE SECURITIES (UK) INC.
- UBS LIMITED
- WEST MERCHANT BANK LIMITED

The date of this Pricing Supplement is July 8, 1997.

This document ("Pricing Supplement") is issued to give details of an issue by International Bank for Reconstruction and Development (the "Bank") under its Global Multicurrency Note Program and to provide information supplemental to the Prospectus referred to below.

This Pricing Supplement supplements the terms and conditions in, and incorporates by reference, the Prospectus dated August 21, 1996, 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 of ZAR 3,000,000,000 Zero Coupon Global Bonds due 2027 (the "Notes") of the Bank. These are the only terms which form part of the form of Notes for such issue.

1. No.: 594
2. Aggregate Principal Amount: ZAR 3,000,000,000
3. Issue Price: 3.15 Per Cent. in respect of ZAR 2,000,000,000, and 3.20 Per Cent. in respect of a further ZAR 1,000,000,000.
4. Issue Date: July 14, 1997
5. Form of Notes: Registered only
6. Authorized Denomination(s): ZAR 50,000 (and integral multiples of ZAR 5,000 in excess thereof)
7. Specified Currency: ZAR
8. Specified Principal Payment Currency: ZAR
9. Maturity Date: July 14, 2027
10. Interest Basis: Zero Coupon (condition 5(IV))
11. Zero Coupon:
  - (a) Amortization Yield: 12.216396 Per Cent.

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- (b) Reference Price: 3.15 Per Cent.
- (c) Basis: Compounded annually
- (d) Fixed Rate Day Count Fraction(s) if not 30/360 basis: 30/360
12. Relevant Financial Centres: Johannesburg, London and New York
13. Governing Law: New York

**Other Relevant Terms**

1. Listing (if yes, specify Stock Exchange): The Luxembourg Stock Exchange
2. Details of Clearance System Approved by the Bank and the Global Agent and Clearance and Settlement Procedures: DTC; Euroclear; Cedel Bank
3. Syndicated: Yes
4. If Syndicated:
- (a) Liability: Joint and Several
- (b) Lead Manager: Morgan Stanley & Co. International Limited
- (c) Stabilizing Manager: Morgan Stanley & Co. International Limited
5. Commissions and Concessions: 0.10% combined management and underwriting commission  
0.10% selling concession
6. Re-Offer Restriction: Any Note re-offered to investors by a manager or any of its subsidiaries or affiliates shall be re-offered at a price of 3.05 per cent. for Tranche 1 Notes and 3.10 per cent. for Tranche 2 Notes ("Re-offer Price") until such time as Morgan Stanley & Co. International Limited has notified the managers that syndicate has been broken.

7. **Codes:**
- (a) **Common Code:** 007750285
  - (b) **ISIN:** US45905UAD63
  - (c) **CUSIP:** 45905UAD6
8. **Identity of Manager(s):**
- Morgan Stanley & Co.
  - International Limited
  - Societe Generale Strauss
  - Turnbull Securities Limited
  - J.P. Morgan Securities Ltd.
  - Hambros Bank Limited
  - The Toronto-Dominion Bank
  - ABN AMRO Bank N.V.
  - Banque Bruxelles Lambert S.A.
  - Commerzbank
  - Aktiengesellschaft
  - Credit Suisse First Boston
  - (Europe) Limited
  - Credito Italiano
  - Deutsche Bank AG London
  - ING Bank N.V.
  - Kreditbank International
  - Group
  - Midland Bank plc
  - Norddeutsche Landesbank
  - Girozentrale
  - Prudential-Bache Securities
  - (UK) Inc.
  - UBS Limited
  - West Merchant Bank Limited
9. **Provisions for Notes:**
- (a) **Individual Definitive Notes Available on Issue Date:** No; individual definitive Notes will not be issued.
  - (b) **DTC Global Note(s):** Yes
  - (c) **Other Global Registered Notes:** No
10. **Classification for Liquidity Arrangements Purposes:** Conventional Notes

11. Other Address at which Bank  
Information Available: None

### General Information

Each Manager is required to agree that it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each Manager represents and agrees that it has not offered and sold, and will not offer or sell, directly or indirectly, any Notes in the Republic of South Africa or to persons resident in the Republic of South Africa except in accordance with South African Exchange Control Regulations and in circumstances which would not constitute an offer to the public within the meaning of the South African Companies Act, 1973 (as amended).

### Supplemental Prospectus Information

The following discussion supplements and, to the extent inconsistent therewith, replaces the discussion set forth in the Prospectus under the heading "Tax Matters". This discussion summarizes special anticipated United States federal income tax consequences of ownership of the Notes relating to the issuance of the Notes at a discount. This discussion deals only with Notes held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, persons that hold Notes that are a hedge or that are hedged against currency risks or that are part of a straddle or conversion transaction, persons that are not "United States Holders", as defined below, or persons whose functional currency is not the U.S. dollar. The summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, perhaps with retroactive effect.

Prospective purchasers of Notes should consult their own tax advisors concerning the consequences, in their particular circumstances, under the Code and the laws of any other taxing jurisdiction, of the ownership of Notes.

For purposes of this discussion a "United States Holder" is a beneficial owner of a Note who or that is (i) a citizen or resident of the United States, (ii) a domestic corporation or (iii) otherwise subject to United States federal income taxation on a net income basis in respect of a Note.

### Original Issue Discount

**General.** The Notes will be treated as issued at an original issue discount. The amount of the original issue discount will be measured by the excess of the stated amount

payable upon the maturity of a Note over its issue price. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

United States Holders of Notes must, generally, include the original issue discount ("OID") on the Notes in income on a constant-yield basis over the term of the Notes. This will require United States Holders to include amounts in income prior to the receipt of cash attributable to such income. Under the OID rules United States Holders generally will have to include in income increasingly greater amounts of OID over the term of the Note.

The amount of OID includible in income by a United States Holder of a Note in any taxable year will be the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the United States Holder holds such Note ("accrued OID"). The daily portion of OID is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the United States Holder and may vary in length over the term of the Note as long as no accrual period is longer than one year. The amount of OID allocable to an accrual period equals the product of the Note's adjusted issue price at the beginning of the accrual period and such Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period). The "adjusted issue price" of a Note at the beginning of any accrual period is the issue price of the Note, increased by the amount of accrued OID for each prior accrual period. The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (x) the amount payable at the maturity of the Note and (y) the Note's adjusted issue price as of the beginning of the final accrual period.

**Acquisition Premium.** A United States Holder that purchases a Note for an amount that is less than or equal to the stated amount payable on the maturity of a Note but in excess of its adjusted issue price (as determined above under "Original Issue Discount - General") (any such excess being "acquisition premium") and that does not make the election described below under "Original Issue Discount - Election to Treat All Interest as Original Issue Discount" shall reduce the daily portions of OID by a fraction, the numerator of which is the excess of the United States Holder's adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator of which is the excess of the stated amount payable on the maturity of a Note over the Note's adjusted issue price.

**Market Discount.** A Note will be treated as purchased at a market discount (a "Market Discount Note") if (i) the amount for which a United States Holder purchased the Note is less than the Note's issue price (as determined above under "Original Issue Discount - General") and (ii) the Note's "revised issue price" exceeds the amount for which the United States Holder purchased the Note by at least  $\frac{1}{4}$  of 1 percent of such Note's revised issue price multiplied by the number of complete years to the Note's maturity. If such excess is not

sufficient to cause the Note to be a Market Discount Note, then such excess constitutes "de minimis market discount" and such Note is not subject to the rules discussed in the following paragraphs. The Code provides that, for these purposes, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note.

Any gain recognized on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a United States Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. Such an election shall apply to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Service.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the United States Holder elects to accrue such market discount on a constant-yield method. Such an election shall apply only to the Note with respect to which it is made and may not be revoked. A United States Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

Election to Treat All Interest as Original Issue Discount. A United States Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under the heading "Original Issue Discount - General", with the modifications described below. For purposes of this election, interest includes stated interest, OID, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium.

In applying the constant-yield method to a Note with respect to which this election has been made, the issue price of the Note will equal its cost to the electing United States Holder and the issue date of the Note will be the date of its acquisition by the electing United States Holder. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the Service. If this election is made with respect to a Note with amortizable bond premium, then the electing United States Holder will be deemed to have elected to apply amortizable bond premium against interest with respect to all debt instruments with amortizable bond premium (other than debt instruments the interest on which is excludable from gross income) held by the electing United States Holder as of the beginning of the taxable year in which the Note with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortizable bond premium may not be revoked without the consent of the Service.

If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing United States Holder will be treated as having made the election discussed above under "Original Issue Discount - Market

Discount" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such United States Holder.

Accrual of OID in Foreign Currency. OID for any accrual period on a Note will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States Holder, as described in the Offering Circular under the heading "Tax Matters - United States Federal Income Taxation - Treatment of Qualified Stated Interest". Upon receipt of an amount attributable to OID on the sale or retirement of a Note, a United States Holder may recognize ordinary income or loss.

*Purchase, Sale and Retirement of the Notes*

A United States Holder's tax basis in a Note will generally be its U.S. dollar cost (as defined below), increased by the amount of any OID or market discount included in the United States Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis market discount included in the United States Holder's income with respect to the Note. The U.S. dollar cost of a Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis United States Holder (or an accrual basis United States Holder that so elects), on the settlement date for the purchase.

A United States Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the tax basis of the Note. The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of such amount on (i) the date payment is received in the case of a cash basis United States Holder, (ii) the date of disposition in the case of an accrual basis United States Holder or (iii) in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis United States Holder (or an accrual basis United States Holder that so elects), on the settlement date for the sale. Except to the extent described above "Original Issue Discount - Market Discount", described in the next succeeding paragraph or attributable to accrued but unpaid interest, gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year.

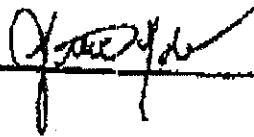


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Gain or loss recognized by a United States Holder on the sale or retirement of a Note that is attributable to changes in exchange rates will be treated as ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction.

INTERNATIONAL BANK FOR RECONSTRUCTION  
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