

Asian Development Bank

Southeast Asia Department

3 January 2008

Dr. Rahmat Waluyanto  
Director General of Debt Management  
Ministry of Finance  
P.O. Box 1139  
Jakarta 10710,  
Indonesia

Dear Dr. Waluyanto:

**Subject: Loan No. 2379-INO: Capital Market Development Program Cluster – Subprogram 1  
Loan No. 2394-INO: Third Development Policy Support Program  
Amendments to Sections 1.01, 2.02 and 2.03 of the Loan Agreements**

1. This refers to the Loan Agreements for the Capital Market Development Program Cluster – Subprogram 1 and Third Development Policy Support Program between the Republic of Indonesia (the Borrower) and the Asian Development Bank (the ADB) duly signed on and December 11 and December 17, 2007, respectively (the Loan Agreements).

2. On 7 December 2007, ADB's Board of Directors approved a new pricing package, which significantly reduced and simplified the loan charges in respect of all LIBOR-based loans (including local currency loans) to sovereign borrowers, or with sovereign guarantees, negotiated on or after 1 October 2007. The existing loan charges will continue to apply to all LIBOR-based loans to sovereign borrowers, or with sovereign guarantees, negotiated before 1 October 2007.

The new pricing package comprises the following:

- Provision of a credit of 0.4% for the entire term of the loan
- Reduction in the commitment charge from 0.75% for program loans and 0.35% for the project loans to 0.15% for both program and project loans
- Elimination of the front-end fee

Inasmuch as these Loan Agreements were negotiated after 1 October 2007, this new pricing package is applicable. ADB has prepared revisions to the Loan Agreements to give effect to the new pricing package. These revisions are set forth in the Appendix.

3. According to the ADB's Public Communications Policy (PCP) on disclosure and exchange of information, any amendments to the Loan Agreements will automatically be publicly disclosed within two weeks after their effectiveness, unless ADB is advised by return mail that the amendments contain any information or data of a sensitive or confidential nature falling under the PCP exceptions.

Arjun Thapan  
Director General  
Southeast Asia Department

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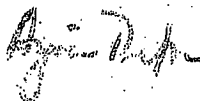
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4. The Government concurs with the proposed amendments noted in the Appendix to this letter. The Government indicates that the proposed amendments to the Loan Agreements do not contain information or data of a sensitive or confidential nature falling under the PCP exceptions.

5. If this is acceptable to you, kindly have both copies of this letter countersigned on behalf of the Government in the space indicated below. Please retain one copy for your records and return one original to the Bank.

Very truly yours,

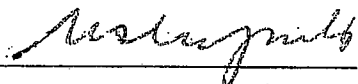
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Arjun Thapan  
Director General  
Southeast Asia Department

Confirmed:

9 REPUBLIC OF INDONESIA

Signature: 

Name: Rahmat Waluyanto

Title: Director General of Debt Management

Date: 25 January 2008

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Appendix

1. The following new sub-Section will be inserted in Section 1.01 of the Loan Agreements modifying the Loan Regulations as new sub-Section (h):

"Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the amount of the credit against the interest payable by the Borrower."

2. Section 2.02 will be deleted and the following will be substituted therefor:

"Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.40% as provided by Section 3.03 of the Loan Regulations."

3. Section 2.03 will be deleted and the following will be substituted therefor:

"Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing sixty (60) days after the date of this Loan Agreement."