

17 September 2012

Mr. Richard Neves  
Financial Secretary  
Ministry of Finance and Economic Management  
PO Box 120  
MFEM Building, Rarotonga  
Cook Islands

Dear Mr. Neves:

**Loan No. 2472-COO: Avatiu Port Development Project;  
Loan No. 2565-COO: Economic Recovery Support Program – Subprogram 1; and  
Loan No. 2739-COO: Avatiu Port Development Project (Supplementary)  
—Amendments to Loan Agreements**

1. We refer to the Loan Agreements dated 5 May 2009, 29 October 2009 and 30 December 2011 between Her Majesty The Queen in Right of the Government of the Cook Islands ("Borrower") and Asian Development Bank ("ADB") for the captioned projects (collectively, the "Loan Agreements"). All capitalized terms used but not defined herein shall have the meaning given thereto in the respective Loan Agreements, unless the context requires otherwise.
2. Following a request from the Borrower dated 20 August 2012 relating to the conversion of the currency of the Loan Agreements from United States dollars to New Zealand dollars, in order to process the request, ADB proposes that the Loan Agreements be amended as set out in the attachments hereto.
3. Save and except to the extent set out in the attachments hereto, the Loan Agreements remain unchanged.
4. Pursuant to ADB's Public Communications Policy on disclosure and exchange of information, the amendments to the Loan Agreements will be posted on ADB's website within 2 weeks from the date that the amendments become effective, after removing any information that falls within the PCP exceptions as specified by the Borrower.
5. Please indicate the Borrower's concurrence to the amendments set out in the attachments hereto and to the terms of this letter agreement by countersigning each of the two originals of this letter agreement in the space indicated below. Please retain one signed original of this letter agreement for your records and return the other to ADB. The proposed amendments shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,

Adrian Ruthenberg  
Regional Director

A. Accepted and agreed.

B. Confirmed that the amendments to the Loan Agreements do not contain information falling within the PCP exceptions.

For and on behalf of  
Cook Islands

Name:  RICHARD NEVES

Designation: FINANCIAL SECRETARY

Date: 27/9/2012

**Loan No. 2472-COO: Avatiu Port Development Project**

**Amendments to Loan Agreement**

1. In Section 1.01, the following new paragraphs (a), (b), (c) and (d) are hereby inserted and the existing paragraphs (a), (b) and (c) are renumbered as (e), (f) and (g):

(a) Section 2.01(4) is deleted and the following is substituted therefor:

(4) "Banking Day" means, in respect of any Loan Currency other than Euro and New Zealand Dollar, a London Banking Day; in respect of Euro, a Target Settlement Day; and in respect of New Zealand Dollar, a Wellington Banking Day;

(b) Section 2.01(53) is deleted and the following is substituted therefor:

(53) "Reference Rate" means, in respect of any Loan Currency other than Euro and New Zealand Dollar, LIBOR; in respect of Euro, Euribor; and in respect of New Zealand Dollar, New Zealand BBR;

(c) Section 2.01(54) is deleted and the following is substituted therefor:

(54) "Reference Rate Reset Date" means:

(a) in respect of any Loan Currency other than Euro and New Zealand Dollar, the day two London Banking Days prior to the first day of the relevant Interest Period, or: (i) in the case of the initial Interest Period, the day two London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided, that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two London Banking Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date of a Currency Conversion of an unwithdrawn amount of the Loan to any Approved Currency other than Euro or New Zealand Dollar falls on a day other than an Interest Payment Date, the initial Reference Rate Reset Date in respect of said Approved Currency shall be the date two London Banking Days prior to the first or fifteenth day of the month in which said Conversion Date falls, whichever day immediately precedes said Conversion Date; provided, that if said Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date in respect of said Approved Currency shall be the day two London Banking Days prior to said Conversion Date;

(b) in respect of Euro, the day two Target Settlement Days prior to the first day of the relevant Interest Period, or: (i) in the case of the initial Interest Period, the day two Target Settlement Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided, that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two Target Settlement Days prior to the date of the Loan Agreement; and (ii) if the Conversion Date

of a Currency Conversion of an unwithdrawn amount of the Loan to Euro falls on a day other than an Interest Payment Date, the initial Reference Rate Reset Date in respect of said Approved Currency shall be the day two Target Settlement Days prior to the first or fifteenth day of the month in which said Conversion Date falls, whichever day immediately precedes said Conversion Date; provided, that if said Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date in respect of said Approved Currency shall be the day two Target Settlement Days prior to said Conversion Date);

(c) in respect of New Zealand Dollar, the first day of the relevant Interest Period, or in case the Conversion Date of a Currency Conversion of an unwithdrawn amount of the Loan to New Zealand Dollar falls on a day other than an Interest Payment Date, the initial Reference Rate Reset Date in respect of said Approved Currency shall be the first or fifteenth day of the month in which said Conversion Date falls, whichever day immediately precedes said Conversion Date; provided, that if said Conversion Date falls on the first or fifteenth day of such month, the Reference Rate Reset Date in respect of said Approved Currency shall be said Conversion Date; and

(d) notwithstanding the foregoing sub-paragraphs (a), (b), and (c), if in respect of a Currency Conversion to an Approved Currency ADB shall determine that market practice for the determination of the Reference Rate Reset Date shall be on a date other than as set forth in said sub-paragraphs, the Reference Rate Reset Date shall be such other date, as further specified in the Conversion Guidelines;

(d) Section 2.01(55) is deleted and the following is substituted therefor:

(55) "Relevant Telerate Page" means:

(a) with respect to LIBOR, the display page designated on the Dow Jones Telerate Service as the page for the purpose of displaying LIBOR for deposits in the Loan Currency (or such other page as may replace such page on such service, or such other service as may be selected by ADB as the information vendor, for the purpose of displaying rates or prices comparable to LIBOR);

(b) with respect to Euribor, the display page designated on the Dow Jones Telerate Service as the page for the purpose of displaying Euribor for deposits in the Loan Currency (or such other page as may replace such page on such service, or such other service as may be selected by ADB as the information vendor, for the purpose of displaying rates or prices comparable to Euribor); and

(c) with respect to New Zealand BBR, the display page designated on the Dow Jones Telerate Service as the page for the purpose of displaying New Zealand BBR for deposits in the Loan Currency (or such other page as may replace such page on such service, or such other service as may be selected by ADB as the information vendor, for the purpose of displaying rates or prices comparable to New Zealand BBR);

2. In Section 1.02, the following new paragraphs (a), (b) and (d) are hereby inserted and the existing paragraph (a) is renumbered as paragraph (c) and the period at the end of the new paragraph (c) is substituted with "; and":

(a) "New Zealand Dollars" or "NZD" each means the lawful currency of New Zealand;

(b) "New Zealand BBR" means, in respect of any Interest Period, the New Zealand bank bill rate for six-month deposits in the Loan Currency, expressed as a percentage per annum, that appears on the Relevant Telerate Page as of 11:00 a.m., Wellington time, on the Reference Rate Reset Date for said Interest Period. If such rate does not appear on the Relevant Telerate Page, ADB shall request the principal New Zealand office of each of three major banks to provide a quotation of the rate at which it offers six-month deposits in said Loan Currency to leading banks in the New Zealand interbank market at approximately 11:00 a.m. Wellington time on the Reference Rate Reset Date for said Interest Period. If at least two such quotations are provided, the rate in respect of said Interest Period shall be the arithmetic mean (as determined by ADB and rounded up, if necessary to the nearest 1/16th of one percent) of the quotations. If less than two quotations are provided as requested, the rate in respect of said Interest Period shall be the arithmetic mean (as determined by ADB and rounded up, if necessary, to the nearest 1/16th of one percent) of the rates quoted by three major banks selected by ADB in the relevant Financial Center, at approximately 11:00 a.m. in said Financial Center, on the Reference Rate Reset Date for said Interest Period for loans in said Loan Currency to leading banks for a period of six months. If less than two of the banks so selected are quoting such rates, New Zealand BBR in respect of said Interest Period shall be equal to New Zealand BBR in effect for the Interest Period immediately preceding said Interest Period;

(d) "Wellington Banking Day" means any day on which commercial banks are open for general business (including dealings foreign exchange and foreign currency deposits) in Wellington.