



INTERNATIONAL MONETARY FUND

WASHINGTON, D.C. 20431

Facsimile Number
1-202-623-4661

February 19, 2016

Ms. Christine Lagarde

Dear Ms. Lagarde:

The Executive Board of the International Monetary Fund, on February 19, 2016, selected you to serve as Managing Director for a period of five years commencing on July 5, 2016. In accordance with our agreement, we are writing this letter to you to confirm our understandings.

1. Your duties as Managing Director of the International Monetary Fund will be those at present or in the future set forth in the Articles of Agreement and supplemented by the By-Laws and Resolutions adopted by the Board of Governors and by the Rules and Regulations and decisions adopted by the Executive Board.

2. As Managing Director, you are expected to observe the highest standards of ethical conduct, consistent with the values of integrity, impartiality and discretion. You shall strive to avoid even the appearance of impropriety in your conduct. In the performance of your duties as Managing Director, you have an exclusive duty of loyalty to the Fund and shall avoid any conflict of interest or the appearance of such a conflict. Subject to the provisions of this agreement, you shall observe the standards of conduct applicable to staff members of the Fund, as may be amended from time to time, and you shall participate in the ethics training program provided by the Fund's Ethics Advisor that is required for all Fund staff. Moreover, the following shall apply:

(a) It is understood that you have resigned from any public or private position

that you may have held. It is further understood that you will not, without the approval of the Executive Board, apply for or accept any public or private employment or position, whether or not you would receive any compensation for such employment or position, or engage in any business activity.

- (b) You may manage your private investments and those of members of your immediate family to the extent that the management of those investments does not involve the operation of a business or create a conflict of interest, or the appearance of such a conflict, with the performance of your duties. You shall provide the annual financial certification and disclosure required of senior (B-level) staff members.
 - (c) In view of the international character of your position, it is expected that, in respect of services rendered during your tenure with the Fund, you will not accept any gift, fee or favor from any government or from any authority external to the Fund. In addition, you will not accept any honor, decoration or award during your tenure with the Fund without the approval of the Executive Board, which shall only be given in circumstances where the acceptance of an honor, decoration or award would not give rise to an actual or perceived conflict of interest.
 - (d) While you may be a member of a political party and contribute funds to the party or to individual candidates, you will not, in your personal capacity, attend political party meetings, assume any leadership role within a political party, or otherwise engage in partisan political activity, as this would not be compatible with your duties as Managing Director of the Fund.
3. If you need clarification regarding the meaning of the above requirements or their application in a particular circumstance, you should consult with the Executive Board.

- (a) Your salary as Managing Director of the Fund shall be \$494,600 per annum plus any Consumer Price Index adjustment made on July 1, 2016 pursuant to paragraph 3(d) of the contract dated June 29, 2011. As explained in Section 14(b) of the By-Laws, this salary shall be net of income taxes.
- (b) You will receive an allowance in the aggregate amount of \$88,540 per annum plus any Consumer Price Index adjustment made on July 1, 2016 pursuant to paragraph 3(d) of the contract dated June 29, 2011, similarly net of any income taxes, payable in equal monthly installments, without

any certification or justification by you, to enable you to maintain, in the interests of the Fund, a scale of living appropriate to your position as Managing Director and to the Fund's need for representation. In addition, you will be reimbursed for reasonable expenses actually incurred for entertainment directly related to the business of the Fund.

- (c) The Fund will reimburse you per diem at the rate applicable to Executive Directors plus reasonable vouchered expenses not covered by the per diem, including all hotel expenses, incurred by you for travel in the interest of the Fund. Such expenses shall include travel and hotel expenses of your spouse/partner in attending Annual Meetings of the Board of Governors held outside the Washington, D.C. area, and in accompanying you on official travel in circumstances where this is in the interest of the Fund.
 - (d) Both your salary and your representation allowance will be adjusted on July 1 of each year beginning in 2017 by the percentage increase in the Washington metropolitan-area Consumer Price Index¹ for the twelve months ending the preceding May.
4. (a) (i) You will participate in the Staff Retirement Plan on the same basis as staff members, with effect from the date of your appointment.
- (ii) In addition to the pension which you will receive under the Staff Retirement Plan, you will receive, as from the commencement of this pension and continuing for the duration of your life, an annual retirement supplement equal in amount to a percentage of the total pension payments you receive each year on account of your participation in the Staff Retirement Plan, determined according to the length of your service as indicated in the table in Annex I; provided, however, that the amount of that retirement supplement each year would be reduced to the extent that you receive income from regular and continuous employment of not less than six months' duration.²
- (iii) In any event and regardless of any regular and continuous

¹ The U.S. Bureau of Labor Statistics Regional (Washington, Baltimore, Maryland, Virginia, West Virginia) Consumer Price Index for all Urban consumers, or its equivalent replacement.

² Regular and continuous employment referred to in that sentence and in paragraph 6(b) below refers to full or part-time performance of services other than on an "ad hoc" or sporadic basis; for example, services performed for a specified number of days or hours per week would be regular, whereas consultantships, directorships, lectures or similar services performed on an "as-needed" basis would not. Continuous employment of no less than six months' duration means uninterrupted employment or series of commitments of at least six months during a reference year.

employment, no reduction will apply to the retirement supplement after you reach 67 years of age.

- (iv) This retirement supplement will be payable in equal monthly installments along with the monthly payments from the Staff Retirement Plan. Should you elect either to receive a withdrawal benefit or to commute a portion of your pension under the Staff Retirement Plan, you will receive at the same time a retirement supplement equal in amount to the applicable percentage of such withdrawal benefit or commutation, determined according to the table in Annex I. In addition, any other elections or options selected by you that apply to benefits under the Staff Retirement Plan will likewise apply to the retirement supplement. All payments will be subject to any necessary adjustments, including recovery for overpayments, at the end of each year, except that withdrawal benefits and commutation payments shall not be reduced for outside income
 - (b) Should you predecease your spouse/partner after leaving the Fund, the Fund will pay to your spouse/partner for the duration of your spouse/partner's life and to your children an annual retirement supplement equal to a percentage of the pension payments and children's benefits they will receive each year under Sections 4.10 and 4.9(c) of the Staff Retirement Plan, determined according to the length of your service as indicated in the table in Annex I.
 - (c) In the event of your retirement due to disability or of your death during your period of service as Managing Director, the Fund will pay to your surviving spouse/partner for the duration of your spouse/partner's life and children an annual supplemental retirement allowance, equal in amount to 100 percent of the pension payments and children's benefits they will receive each year under Sections 4.9 and 4.10, respectively, of the Staff Retirement Plan.
5. You will be entitled to a reasonable vacation, and in matters of personnel policy, including home leave, benefits equivalent to those applying to the Executive Directors shall, except as otherwise provided, be applicable to you (without regard to any transitional rules currently applying to Executive Directors). Your travel on official Fund business and upon your appointment and separation (as well as that of any family members eligible for such travel) shall be in first class. Financial arrangements equivalent to those prescribed in the Staff Handbook at General Administrative Order No. 6, Chapter 6.04 shall be available to you.

6. (a) It is our understanding that, although you have been appointed for a term of five years, either you or the Executive Board shall be free to terminate your connection with the Fund at any time. It is expected, however, that, should you desire to resign; you will give the Fund reasonable advance notice of your decision.
 - (b) At the end of your term or terms of service, or if your service is terminated by the Executive Board after more than one year of service, or if you resign after having served for at least two years, you will be paid a separation allowance equal to a percentage of the salary paid to you during your last year of service, according to the length of your service, as indicated in the table in Annex I. The amount of the separation allowance will be reduced by the amount, if any, of the retirement supplement paid for the period covering the first year following your separation from service. Without duplicating any reduction of the retirement supplement for outside income pursuant to paragraph 4, the separation allowance will be reduced by the amount of any non-taxable income, and by two-thirds of any taxable income, you receive from regular and continuous employment of not less than six months' duration, as explained in footnote 2, during the year following the end of your service. All payments will be subject to any necessary adjustment including recovery for overpayments, at the end of the first year. The separation allowance would be net of income tax in the same manner as your salary.
7. As the Fund's overall effectiveness requires a close working relationship between the Managing Director and the Executive Board, you will participate, on an annual basis, in a confidential and informal performance feedback process between yourself and Executive Directors.
8. Upon your acceptance of the understandings set forth in this letter, this letter will be publicly disclosed by the Fund.

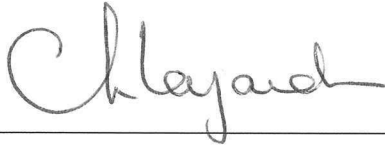
Your acceptance of the understandings set out in this letter will constitute the agreement between you and the Fund

Sincerely yours,

A handwritten signature in cursive script, appearing to read 'Aleksei Mozhin'.

Aleksei Mozhin

Accepted:

A handwritten signature in cursive script, appearing to read 'Chayard'.

Date

The rates per year of completed service indicated below will be applied in calculating the Supplemental Retirement Allowance(s) and Separation Allowance set out in paragraphs 4(a), 4(b), and 6(b). In the case of the Supplemental Retirement Allowance, the indicated rates will be applied against the pension or other benefit payable from the Staff Retirement Plan; in the case of the Separation Allowance, the rates will be applied against the total salary paid to you during your last year of Fund employment. The rates for partial years of service will be interpolated on a pro-rated basis.

Years of Completed Service as Managing Director	Applicable Percentage Rate
1 or less	0%
2	50%
3	60%
4	70%
5	80%
6	84%
7	88%
8	92%
9	96%
10 or more	100%