

INTRODUCTION

This is the 4th annual legal salary review for Moscow private practice. It covers compensations for qualified lawyers at all levels except Counsel / Partner positions. It continues the 2008- 2010 reviews. The firms are divided into 5 groups according to the size of a firm, head office location, position in the legal market and compensation level. Salaries in the review are in USD per year before taxes.

RECENT TRENDS

After 2008 economics downfall and 2009-2010 stabilization, 2011 is supposed to be a year of recovery. However, the rumors about new forthcoming crisis are actively floating. But at the moment these are just rumors and there are no negative changes in the legal market at the moment (as for September 2011).

For Moscow legal market 2011 is a year of relatively steady salaries growth and unstable situation. As it is noted, the salaries growth is rather uneven in the firms of one segment as well as inside the same firm (the salaries for associates of the same level and practice may vary). The general trend for the market is that "strong" firms become stronger, by hiring star individuals and teams while "weak" firms continue to give up their positions by losing teams and in some cases practices. Currently we see the war for talent at senior and partner levels. However junior level hires are not very active.

The last evaluation was followed by an increase of the compensation level for senior and mid level associates.

In most cases the salary level increase tends to base mostly on individual approach, namely on the value of the particular professional for the firm (merit-based system). More cases are noticed when the compensation for the associates of the same level and practice areas varies.

In general the salary level increase correlates with the profitability of the practice. Thus the increase in compensation level observed in M&A, Finance, Capital Markets practice is higher in comparison with practice areas with lower profitability (Labour, Real Estate, IP).

However, there are firms (mostly in group A) which still follow the lockstep system and increase annual salaries for about 10 -15% at each level. Please see below an example of the "classic" (New York City pay scale) lockstep system for one of the firms from group A. The system is effective for all firm's offices including Moscow.

NEW YORK CITY PAY SCALE

Year of qualification (graduation year)	Annual Salary
2010	160
2009	170
2008	185
2007	210
2006	230
2005	250
2004	265
2003	280

The general trend is the same for bonuses paid for 2010. Most of the firms used personal approach and the sum of the annual bonus paid may greatly vary depending on individual results of an associate and the profitability of the practice.

The biggest bonuses in the market are paid by the firms following the Cravath scale. Usually these are the firms from group A. The total Cravath bonus (including December 2010 bonus and April 2011 bonus) looks as follows:

CRAVATH BONUS SCALE

Year of qualification (graduation year)	Total Cravath Bonus (in USD)
2010	2 500
2009	15 000
2008	20 000
2007	30 000
2006	40 000
2005	45 000
2004	50 000

ASSOCIATE SALARY REVIEW

GROUP A

This group includes top US firms (premium segment).

Year of qualification (graduation year)	Core range
2010	100-160
2009	130-170
2008	150-185
2007	180-210
2006	200-230
2005	220-250
2004	230-265
2003	240-280

Comments:

The majority of firms in this group is still based on the lockstep system and has the highest salary levels in the market.

GROUP B

This group includes leading / major UK law firms (they are also known as Magic Circle law firms). These firms usually have large offices (up to 100 lawyers), clear division into practice areas and a wide range of legal services they provide to their clients.

Year of qualification (graduation year)	Core Range
Junior 2010-2008	60-120
Mid 2007-2005	120-180
Senior (since 2004)	200-350

Comments:

The common trend for this group is relative salary growth for some firms and returning to before the recession salary level of 2008 for others. Moreover, a split-up into "leading" firms with higher salaries and stronger practices and "weak" firms with lower salaries and loss of key professionals and teams may be noted in the segment. In addition, a number of UK firms from group D (traditionally not referred to as Magic Circle firms) appeared to pay salaries competitive to group B firms.

GROUP C

Leading US law firms. They have a similar structure to the leading UK firms large offices and division into practice areas).

Year of qualification (graduation year)	Core Range
Junior 2010-2008	40-120
Mid 2007-2005	80-160
Senior (since 2004)	180- 240

Comments:

The common trend with these firms is a change of lockstep salary system into the merit- based system (namely individual approach) or hybrid-lockstep system (which is more transparent and predictable in comparison with merit-based system). The average increase for 2011 is about 10-25% (mostly based on personal performance criteria and level of seniority).

GROUP D

This group includes mid-size UK law firms, European law firms, and leading Russian law firms.

Year of qualification (graduation year)	Core Range
Junior 2010-2008	30-60
Mid 2007-2005	60-100
Senior (since 2004)	120-160

Comments:

Several national firms have considerably strengthened the position in the post crises market keeping reductions to the minimum level and hiring high profiled associates from other firms. The salary levels in these firms may be compared with or even exceed the compensations paid for the similar level associates in international law firms. The average increase for 2011 is about 10-20% for this segment.

GROUP E

This group includes Big 4 legal practices.

Year of qualification (graduation year)	Core Range
Junior 2010-2008	24-50
Mid 2007-2005	40-80
Senior (since 2004)	90-170

Comments:

The salary level in this group of firms has basically increased by 10-15%.

GROUP F

This group includes mid-sized Russian law firms.

Year of qualification (graduation year)	Core Range
Junior 2010-2008	20-40
Mid 2007-2005	40-70
Senior (since 2004)	80-120

Comments:

The salary level in this group of firms has basically increased by 10-20%.