

INTRODUCTION

Norton Caine regularly releases a salary survey to advise our clients and candidates on the Moscow legal market. This report provides a salary review current to the end of August 2012 covering private practice and in-house positions, as well as, a short commentary on developing trends within the Moscow legal market.

PART 1. MOSCOW PRIVATE PRACTICE

RECENT TRENDS

2011 was a rather profitable year for law firms and in terms of compensation level the common trend was to catch up with pre-crisis levels. Private practice firms started 2012 with general discreet optimism expecting even more growth and significant new business to be brought in; however, so far 2012 appears to have slower growth than hoped for.

After a phase of post crisis recovery and rather active growth in 2011, we have entered another phase of moderate development and sluggish growth. While firms continue to hire new associates, though at a rather slow pace, their qualification requirements are very high.

Salaries have remained generally stable and are becoming more consistent. Most firms offered slight increases of 10 – 15%, in most cases on an individual basis. It is interesting to note that most major firms in America and Europe did not pay spring/mid-year bonuses. In Russia we can also see the tendency to decrease bonuses, sometimes offering only the equivalent of one month’s salary as a bonus.

Also, most Firms are unwilling to pay a significant premium to attract new associates. In most Law Firms the recruitment strategy is to balance between lateral hires and the repositioning of existing employees. It is more often the case that, when Firms are hiring new associates, it is to replace an employee who moved to another Firm rather than to develop the practice by hiring additional associates.

The highest demand is for the mid-senior associates and partners who are able to bring business. The demand for junior level professionals or senior level associates with no business case remains relatively low. There was a record number of partners moving from one firm to another in Moscow in 2011; this year that trend continues.

ASSOCIATE SALARY REVIEW

The firms are divided into 5 groups according to the size of the firm, the head office location, it's position in the legal market and it's compensation levels. Salaries in the review are in USD per year before taxes.

GROUP A

This group is comprised of top US firms (premium segment).

Year of qualification (graduation year)	Core range
2011	100-160
2010	130-170
2009	150-185
2008	180-210
2007	200-230
2006	220-250
2005	230-265
2004	240-280

GROUP B

This group is comprised of 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 which they provide to their clients.

Year of qualification (graduation year)	Core Range
Junior 2011-2009	60-120
Mid 2008-2005	120-180
Senior (since 2004)	200-350

GROUP C

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

Year of qualification (graduation year)	Core Range
Junior 2011-2009	40-120
Mid 2008-2005	80-160
Senior (since 2004)	180- 240

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 2011-2009	30-60
Mid 2008-2005	60-100
Senior (since 2004)	120-160

GROUP E

This group is comprised of the Big 4 legal practices.

Year of qualification (graduation year)	Core Range
Junior 2011-2009	24-50
Mid 2008-2005	40-80
Senior (since 2004)	90-170

GROUP F

This group includes mid-sized Russian law firms.

Year of qualification (graduation year)	Core Range
Junior 2011-2009	20-40
Mid 2008-2005	40-70
Senior (since 2004)	80-120

PART 2. IN-HOUSE**RECENT TRENDS**

In 2012 the level of salaries for general legal counsels almost reached the same level as before the crisis, however bonuses are still discretionary and are paid individually. There are several groups of companies in the market.

GROUP A**Investment companies and funds**

Traditionally investment companies and funds offer their employees the highest compensation level in the market. However, the compensation consists of two parts – base salary, paid monthly and bonus. Usually the bonus accounts for a significant part of the annual compensation. It is discretionary and depends on many issues, such as overall financial situation, the level of the company's annual profit, individual performance, etc. Investment companies and funds prefer to hire lawyers with a transactional background from private practice, mostly from International Law Firms. The legal department often consists of 7-10 lawyers; the structure of the department is very similar to the structure of a small law firm.

GROUP B**Large international corporations (retail companies, FMCG, pharmaceutical, IT)**

In comparison with Group A, companies from Group B offer their employees a lower level of compensation; however the gross annual compensation is more stable. Moreover, they usually offer social packages. The legal department may typically have from 10 to 50 members and in some case even more. This type of Company may also offer better opportunities for career development. They offer possible secondments with their international offices, corporate training and educational programs, and in some cases the employee may be offered to continue a position with a European or American office.

GROUP C**Representative offices of international companies**

Usually these are relatively small offices with a solo general counsel or small legal department of 3-4 lawyers. They offer their employees work/life balance and mid market compensation level including monthly base salary and a standard social package.

GROUP D**Large national holding companies (oil & gas, metallurgy, petrochemical, chemical, coal, telecommunications)**

The legal departments within large national (often commodity) holding companies may be divided into several divisions and focus on different legal issues (corporate, commercial, litigation, M&A etc). The structure may be similar to that of big law firms. There may be as many as 50 -70 lawyers. The compensation level differs depending on the division and the position level. For example M&A departments prefer to hire lawyers with a law firm background. The compensation level for professionals with a good transactional track record is higher than for general corporate or commercial lawyers.

GROUP E**Mid size national companies**

These types of companies may often be a part of (ie. an asset in) a large holding company, and/or, be a market leader in a particular area, and are usually involved in international projects. The legal department may have 10 -15 lawyers.

GROUP F
Small national companies

Small and mid-sized national companies, operating only in the national market generally offer only base monthly salary with no bonus or social package. The compensation is paid on an individual basis. These types of companies are not attractive for career development.

Company type	Position	Salary range RUR gross per month	Bonus
GROUP A	Head of Legal Department	600 – 900 thousand	Discretionary bonus may be up to 100% of annual salary and partly consists of a stock option plan
	Senior Lawyer	350 – 500 thousand	Discretionary bonus may be from 30-50% of annual salary.
	Lawyer	120-250 thousand	Discretionary bonus equivalent to 1 - 2 month's salary.
	Junior Lawyer	70 -100 thousand	
GROUP B	Head of Legal Department	400- 700 thousand	Discretionary bonus may be from 20-30% of annual salary.
	Senior Lawyer	150-250 thousand	Discretionary bonus may be from 10-20% of annual salary, KPI based system. Additional incentives may include educational programs, secondments, etc.
	Lawyer	100-150 thousand	
	Junior Lawyer	40-70 thousand	
GROUP C	Head of Legal Department	220 – 400 thousand	Discretionary bonus may be from 10-30% of annual salary, KPI based system.
	Senior Lawyer	100- 200 thousand	Discretionary bonus may be from 10-15% of annual salary, KPI based system.
	Lawyer	70- 100 thousand	
	Junior Lawyer	30-60 thousand	
GROUP D	Head of Legal Department	600 – 1200 thousand	Discretionary bonus may be as much as 50 - 100% of annual salary, plus social package benefits.
	Senior Lawyer	200- 450 thousand	Discretionary bonus may be from 30-50% of annual salary.
	Lawyer	100- 200 thousand	Discretionary bonus equivalent to 1 - 2 month's salary.
	Junior Lawyer	40- 80 thousand	
GROUP E	Head of Legal Department	350 – 500 thousand	Discretionary bonus may be from 30-50% of annual salary.
	Senior Lawyer	120 -250 thousand	Discretionary bonus equivalent to 1 - 2 month's salary.
	Lawyer	70-120 thousand	
	Junior Lawyer	40- 70 thousand	

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GROUP F	Head of Legal Department/ Lawyer	The salary level is defined on individual basis but commonly is not more than 300 thousand	The bonus and social package is optional and in most cases are not provided.
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