

PART 1. PRIVATE PRACTICE

INTRODUCTION

Norton Caine annually releases a salary survey to advise our clients and candidates on the Moscow legal market. This report provides a salary review covering private practice and in-house positions, as well as a short commentary on developing trends within the Moscow legal market. The information is current to the end of September 2013.

Salaries have not changed considerably over the recent year, but have remained generally stable and are becoming more consistent. However, years of economic downturn have brought about interesting trends that are changing the legal industry.

2012 appeared to be rather stable year for private practice firms. It showed moderate development and sluggish growth. However, the situation started to deteriorate in 2013. The effects of the global financial crisis have continued to impact on the legal industry. The workload has decreased significantly in a number of practices in both international and local law firms in 2013.

Main trend for 2013 is active partners' moves from one firm to another. A partner with a portable book of business remains the most demanded "candidate" for most firms. Partners move solo as well as together with their teams. This makes the legal market more dynamic and raises the salaries. Partners started actively change firms in 2011. Since then we have seen around 20 moves per year. The legal industry continues to change. Firms are actively competing for the market by hiring partners with a portable practice.

There are also local, yet negative trends:

- Some firms continue to cut the staff;
- Several firms closed down their Moscow offices (Clyde &Co и Conyers Dill & Pearman);
- There is salary and bonus freeze in some firms.

In general, the private practice salaries have remained at the level of 2012. The Firms are not in a hurry to replace senior and mid-level lawyers who left the firm. On the contrary, in most cases the Firms try to allocate the workload among the remaining junior staff. Alternatively, alternatively, the Firms hire the replacement offering less attractive compensation.

Another interesting continuous tendency is so called salary "stratification". After 2008 the Firms are unwilling to pay a significant premium. Many Firms have pushed ahead with abolishing the PQE based remuneration and lock step system opting for a much more meritocratic system of rewarding the associates. With meritocratic system compensation level is growing slower in most cases thus creating a huge gap between salary levels of associates hired before 2008 and after. This is true even for the associates with the same level of experience and PQE years.

New hiring is episodic and selective; the rotation is higher between mid and senior level associates. Less demanded are junior lawyers. The most demanded candidates are partners with a book of business.

ASSOCIATE SALARY REVIEW

Current review covers salaries for qualified associates of all levels, excluding counsels'/partners' compensations. The firms are divided into 6 groups according to the size of the firm, the head office location, its position in the legal market and its compensation levels. Salaries in the review are in USD per year before tax.

GROUP A

This group is comprised of top US firms (premium segment). Salaries are reviewed by the end of December. Most Moscow offices have hiring freeze or hire sporadically. In some cases meritocratic system of rewarding newly hired associates was introduced (not lock step system). The Firms of this group have little influence on the private practice salary market in comparison with previous years.

Year of qualification (graduation year)	Core range
2012	100-160
2011	130-170
2010	150-185
2009	180-210
2008	200-230
2007	220-250
2006	230-265
2005+	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 and more), 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 2012-2010	30-70
Mid 2009-2007	70-120
Senior (since 2006)	180-300

GROUP C

The 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 2012-2010	30-70
Mid 2009-2007	70-120
Senior (since 2006)	160- 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 2012-2010	24-60
Mid 2009-2007	60-100
Senior (since 2006)	120-160

GROUP E

This group is comprised of the Big 4 legal practices.

The Firms of this group are actively competing for the market by hiring partners from other international law firms. New partners' hiring led to salary rise for associates in particular practices.

Year of qualification (graduation year)	Core Range
Junior 2012-2010	24-50
Mid 2009-2007	40-120
Senior (since 2006)	100-180

GROUP F

This group includes mid-size Russian law firms.

Year of qualification (graduation year)	Core Range
Junior 2012-2010	20-40
Mid 2009-2007	40-70
Senior (since 2006)	80-120

PART 2. IN-HOUSE

RECENT TRENDS

In 2013, the level of salaries for general legal counsels and the number of vacancies remained at 2012-year level.

However, the career path for private practice associates has never been more challenging. While lawyer job dissatisfaction is nothing new, negative economic trends and rapid changes in the legal industry have created uncertainties for associates.

Mid-level and senior lawyers are willing and in many cases have to move in-house. However, this career move does not necessarily mean a salary rise.

Large national (often commodity) holding companies, partly or fully state-owned corporations and investment funds and companies offer top salaries in the market and the most desirable positions.

Annual bonuses are discretionary. The bonus amount depends on the company's financial results, employee's individual performance and position.

For example, the annual bonus amount paid to a head of legal may range from 40% to 100% (in some cases even more) from guaranteed annual compensation. The payment is partly postponed and may consist of company's stock plan.

SALARY REVIEW

Company type	Position	Salary range RUR gross per month
Investment companies and funds	Head of Legal Department	600 – 900 thousand
	Senior Lawyer	350 – 450 thousand
	Lawyer	120-250 thousand
	Junior Lawyer	70 -100 thousand

Company type	Position	Salary range RUR gross per month
Large national holding companies (oil & gas, metallurgy, petrochemical, chemical, coal, telecommunications)	Head of Legal Department	600 – 1200 thousand (including bonus)
	Senior Lawyer	200- 450 thousand
	Lawyer	100- 200 thousand
	Junior Lawyer	40- 80 thousand
Representative offices of international companies	Head of Legal Department	220 – 400 thousand
	Senior Lawyer	100- 300 thousand
	Lawyer	90- 150 thousand
	Junior Lawyer	30-60 thousand
Large international corporations (retail companies, FMCG, pharmaceutical, IT)	Head of Legal Department	400 – 700 thousand
	Senior Lawyer	170- 300 thousand
	Lawyer	100- 200 thousand
	Junior Lawyer	40- 90 thousand
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.	Head of Legal Department	350 – 500 thousand
	Senior Lawyer	120 -250 thousand
	Lawyer	70-120 thousand
	Junior Lawyer	40- 70 thousand
Small national companies	Head of Legal Department/ Lawyer	The salary level is defined on individual basis but commonly is not more than 300 thousand