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THE AMERICAN LAWYER

Baker & Hostetler Reaches Financial 'Milestone,' Exceeding $1B in 2024

By Jon Campisi
March 25, 2025

What You Need to Know

- Baker & Hostetler had its most successful financial year ever in 2024, reporting more than $1.05 billion in gross revenue.
- The firm has no immediate plans on opening any new offices in 2025, but vowed to continue focusing on growth in some newer U.S. geographies, including Austin, Texas and the West Coast.
- The firm says it continues to prioritize lateral hiring and seeks to attract and retain top associate and partner talent.

Baker & Hostetler had a banner financial year in 2024, with gross revenues exceeding the $1 billion mark for the first time.

The strong financial performance was the result of a number of factors, including strategic investments throughout the firm and a strong focus on lateral partner hiring, and the firm's leader is excited about 2025 and the continued imperative to grow and offer top-notch service to clients.


Courtesy photo

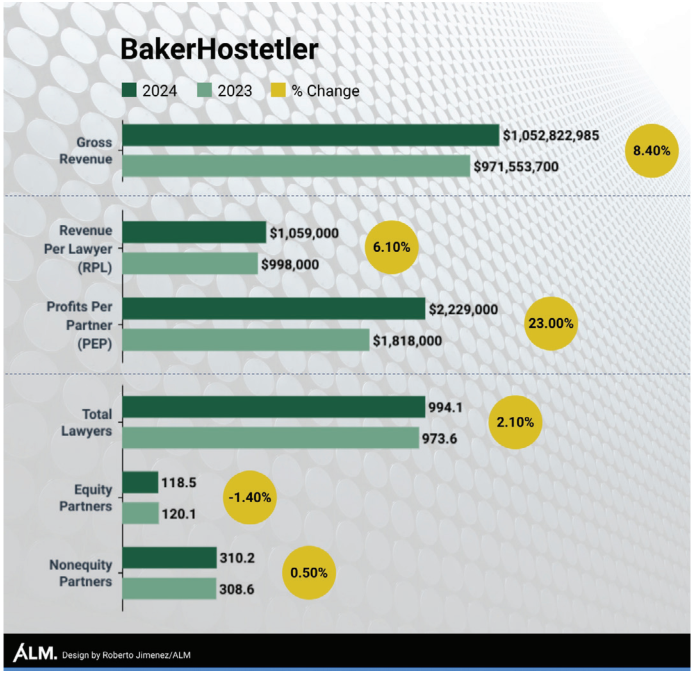
Paul Schmidt, chairman of Baker & Hostetler.

"From a financial perspective, we were really proud, because this was a major milestone for us," chair Paul Schmidt told The American Lawyer. "It really capped off 31 years of consecutive growth."

The gross revenue figure was a significant climb over the $971.6 million the firm reported for 2023. Meanwhile, profits per equity partner, which in 2023 stood at $1.82 million, came in at $2.23 million last year, a 23% jump.

Overall, the firm's revenue has grown 44% over the past five years, Schmidt said.

The firm, which brands itself as BakerHostetler, last year took in $1.05 billion in gross revenue,



from which it saw a net income of a little over $264 million, a 21% increase over the $218.3 million reported the year prior.

"We are also, frankly, thrilled with our net income," Schmidt said.

Revenue per lawyer in 2024 came in at $1.06 million, a 6.10% increase over the $998,000 reported in 2023.

The financial results were not attributable to one specific geography or practice group, Schmidt said, but rather were spread evenly throughout the firm.

Baker & Hostetler has added 114 lateral partners during the past five-year period, Schmidt said.

Schmidt attributed the firm's strong performance to a mix of work, including various successes in both the firm's transactional and litigation practices, both of which Schmidt said were up double digits last year.

"Litigation was really busy, and that was certainly part of the driver," he said.

The firm, he said, continues to see steady, long-term work, including continuing to collect for victims of Bernie Madoff and seeing significant work in privacy data breach litigation. Media outlets reported in December that Madoff's victims have now recovered 94% of their financial losses.

Meanwhile, Baker & Hostetler in 2024 increased its billing rates by about 8.5%, which was driven by the type of work the firm prioritized over the year, Schmidt said. This increase was similar to 2023, when the firm increased rates 8.7%.

The firm, Schmidt said, worked on 250 deals with an aggregate value of $30 billion last year, a "significant uptick from 2023." This included 70 private equity deals with a value of about $17 billion.

While some practice areas outperformed others, Schmidt said no areas were particularly underperforming, and the mix of work led to increased performances across the board.

Schmidt acknowledged the competitive nature of the legal business and said the firm remains committed to offering top, market-rate pay to partners, as well as attractive and competitive compensation for associates.

Investing in the Future

As the firm looks ahead to this year, Schmidt said the continued focus will be on building out some of the newer offices, such as Austin, Texas, which just opened in January, as well as an increased focus on the firm's West Coast presence.

"We continue to plan to invest in those new markets for us," Schmidt said. "We continue to see a lot of activity on the West Coast to balance out our geographic mix."

As the firm moves into the new year, it looks to continue investing in newer technologies, and while Schmidt did not provide a budgetary breakdown for artificial intelligence, he did say Baker & Hostetler has a very strong bent toward innovation.

"We have a very strong [chief information officer] and team that works on all things innovation," Schmidt said. "I really do believe that we are a market leader in client collaboration in generative AI."

Baker & Hostetler, Schmidt said, was an early Big Law adopter of generative AI, and they continue to build out their own internal platforms and programs while also engaging third parties. The firm also works closely with clients on their own specific needs and how innovation can help improve their own processes.

Innovation, he said, has kept the firm competitive in an age where technological hesitancy can spell doom for law firms.

The competitive nature of firms also extends to talent recruitment and retention, and accompanying salary and benefit packages.

"We do everything we can to pay at market," Schmidt said. "I think we've been very competitive in the marketplace for our talent and for our partner compensation."

Schmidt declined to address whether the firm is in any merger talks or would be open to considering mergers. He did address diversity, equity and inclusion, a topic that has been high on the radar of Big Law, especially since President Donald Trump brought the issue to the forefront in recent time.

"It's important to step back and look at the broader picture," he said. "Since our very beginning, since our founding, we have and always will be committed to professional excellence in providing high-quality, timely, responsive service to our clients. To do that, we really have no choice but to attract, retain and advance top talent in all of our markets, and that's really what we're all about."

Back to the financial picture, Schmidt said the firm continues to offer alternative fee arrangements to clients, but the 22.6% Baker & Hostetler received from these arrangements in 2024 was actually down from about 26% the prior year.

"We continue to get a lot of requests for evaluation of alternative fee arrangements," Schmidt said, adding that more than half of the firm's work in 2024 was done through standard rates, a payment method seemingly preferred by clients.

The 2024 financial figures reported in this story are preliminary. ALM will report finalized data for the Am Law 200 on The American Lawyer in April and May.