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CRAVATH (NEW YORK)



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BY JOHN RYAN

HANDLING THE TAX SIDE OF CORPORATE

deals is especially demanding at Cravath, Swaine & Moore, where the firm's sophisticated client base engages in a nonstop string of complex transactions that typically span multiple jurisdictions. Lauren Angelilli, Co-Head of the firm's Tax Department, credits her ascendancy to the top of the practice to a love of "puzzle solving" as well as the collaborative team approach that is a foundation of Cravath's culture. Like most of her partners, the 2000 Harvard Law graduate has spent her entire career at Cravath, where lawyers excel at becoming true experts in the businesses of firm clients, Angelilli says.

Lawdragon: Can you describe for our readers the mix of work you do within your practice?

Lauren Angelilli: At Cravath, our Corporate Department handles every type of matter imaginable, often with the highest stakes for our clients, and our tax team shapes many of those transactions. In that way, we are very much a part of the firm and are integrated into a larger system of collaborative client service.

My own practice focuses on advising clients on the tax and structuring aspects of M&A, joint ventures, spin-offs and other transactions, both domestically and cross-border, and negotiating deals that satisfy clients' tax objectives while still achieving their commercial goals. As a practical matter, my work requires the skills necessary to succeed in any area of the law and, indeed, in life in general - I listen, learn, teach, solve problems and communicate.

I'll highlight one piece of that in particular - communication. Tax issues can be exceptionally complex and, as you might expect, our tax team is expert in the finer points of law. Just as important, though, is our ability to explain difficult issues in a clear and understandable way. Not every client is interested in hearing the ins and outs of the Internal Revenue Code (though some certainly are) and so we must distill down the most critical, need-to-know concepts for clients and present them clearly. This, combined with our ability to craft practical solutions to tax issues, is Cravath's hallmark.

LD: How did you first become interested in developing this type of practice?

LA: I studied finance in college, at Wharton, and after graduation I went to work at Donaldson, Lufkin & Jenrette, an investment bank. While there, I found myself

interested in how deals were structured. This led me to Harvard Law School and then a summer associate position at Cravath, where I had the opportunity to work in the Tax Department and see how tax issues play out in practice.

What attracted me to tax work was the "puzzle-solving" aspect of it - the need to reconcile complicated abstract concepts in a way that is coherent, and to find an approach that is consistent with the demands of various stakeholders and serves the client's overarching business priorities. That was compelling to me from the start, and it remains so. Starting with an intricate set of facts and bringing them through to a solution that is clear, thoughtful and suited to the problem at hand is our core challenge, and one we enjoy.

LD: What are some additional aspects about this work that keep you engaged and enthusiastic?

LA: Tax is exciting because the law is always changing and our deals constantly present new fact patterns and novel issues. It's the complexity of these challenges that makes this work so interesting. We need to understand each deal from all angles, all while it's still evolving, in order to evaluate the tax implications. The tax elements become even more complicated for cross-border deals, which many are these days.

This work is invigorating and no two days are the same. There is endless opportunity to learn.

LD: Can you describe some recent examples of your work?

LA: In the past year our tax team worked on numerous deals that were notable for their size, complexity and industry impact. I'll highlight three in particular: The Walt Disney Company's \$66-billion acquisition of Twenty-First Century Fox; Viacom Inc.'s pending \$30-billion combination with CBS Corporation, where we represented the Transaction Committee of Viacom's Board; and Occidental Petroleum's \$57-billion acquisition of Anadarko. These transactions had huge implications for important, but very different industries - media and energy.

One particularly interesting aspect of the Disney deal was that, unlike most spin-merge transactions, the spin-off of New Fox was taxable, with Disney inheriting the tax liability. When the deal was struck, the amount of this liability couldn't be determined, in part because U.S. tax reform was still very much uncertain. To ad-

dress this uncertainty, we developed a framework to adjust the amount of consideration that Disney paid based on the projected amount of tax as determined at closing using a dynamic model. This approach is a great example of the Cravath team's ability to develop creative solutions to challenging issues, and it was a pleasure to work with Steve Gordon, my mentor, tax partner and the other co-head of our Tax Department, on both this matter and the Viacom deal.

On Viacom-CBS, we provided critical tax structuring advice, leveraging our significant experience with high-stakes "merger of equals" transactions. This required us to undertake a detailed review of structural alternatives, balancing a complex technical tax analysis with the tax and other interests of the various stakeholders involved in the transaction.

Finally, we represented Occidental in its acquisition of Anadarko, which was the largest U.S. oil and gas merger in more than 20 years. Occidental had pursued Anadarko since 2017, in an effort to grow its position in the Permian Basin. In April 2019, however, Anadarko agreed to be acquired by Chevron. Cravath advised Occidental on its revised acquisition proposal, which was successful. That proposal included two key new features: a \$10-billion equity investment from Berkshire Hathaway, and the sale of certain Anadarko assets to TOTAL S.A. for \$8.8 billion in cash.

Thus, the Cravath team, including my tax partner Kara Mungovan and I, were called upon to negotiate three vastly different deals: a significant public equity investment; a cross-border carve-out transaction; and a domestic acquisition – all at once. Each transaction individually presented numerous difficult issues, but it was navigating each issue in the context of the others and the broader business deal that made the work challenging and remarkable.

LD: Are there other tax matters from your career that stand out as favorites or especially memorable?

LA: They're all my favorites! For me, what makes a client or transaction special and memorable is the ability to work together with a team, collaborating to solve problems and to reach a result superior to what any one person could accomplish independently. I'm incredibly lucky to work with an exceptional group of lawyers here at Cravath. I've already mentioned Steve Gordon and Kara Mungovan. Andy Needham, Len Teti and Chris Fargo are also outstanding tax lawyers, and Mike Schler is truly legendary in the tax world. And we couldn't do what we do without working alongside absolutely top-rate corporate lawyers. Faiza Saeed was the lead

corporate partner on all three of the recent matters I mentioned, and she is a formidable deal lawyer, not to mention the Presiding Partner of our firm.

The clients that stand out are those where I have had the opportunity to forge long-term relationships with the dedicated professionals who work at those companies, getting to understand their key concerns from the perspective of an insider. As one example, I worked with Time Warner for over a decade on its most significant deals, including its \$109-billion sale to AT&T Inc. in 2018, its investment in Hulu, and four separate tax-free spin-off transactions: Time Inc. in 2014, AOL in 2009, Time Warner Cable also in 2009, and the Atlanta Braves to Liberty Media Corporation in 2007.

LD: What do you think makes Cravath unique?

LA: Like most Cravath lawyers, this is the only place I've ever practiced. Of course, I've interacted professionally and personally with attorneys from dozens of firms and companies across the globe. I do think our firm has a special culture, which is buttressed by our rotation system of associate training and our collaborative approach as a partnership.

We are a client-focused firm – almost every law firm would say that, but we are built to make that a reality. We don't silo our attorneys into practice areas – we aim to also be experts on our clients' businesses and every aspect of the deal-making process, no matter our title or formal role in the transaction. And we don't have incentives that push partners away from working with each other – we are in and out of each other's offices all the time, drawing on each other's experience and expertise, and we see all clients as firm clients. Ultimately that is to our clients' benefit, and I think it underlies why we've been able to represent them so successfully for two centuries.

LD: What do you do for fun outside the office?

LA: I enjoy spending time with my wonderful husband and our three terrific kids, who put our negotiating skills to the test. My family is the focus of much of my "fun" time and for that I'm truly grateful. We enjoy getting out of the city to enjoy nature and visit with extended family. And I love to read non-tax material in my downtime.

As a parent I think quite a lot about my upbringing here in New York City, and the ways in which my parents did a great job making me feel powerful and capable of reaching my own, good decisions. I want to raise my own kids with the same feeling of confidence and independence. But I don't want to teach them to negotiate too well, yet.