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Dallas Dealmaker Co-Leads Earth-Shattering \$1.25T SpaceX Merger

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On Monday, Elon Musk announced that he is combining two of his companies, Texas-headquartered SpaceX and California-based xAI. The numbers presented — though largely dependent on Musk himself — would make the \$1.25 trillion combination the largest M&A transaction, ever.

Details of the transaction, such as they are, remain coded within Musk's florid announcement, but SpaceX was counseled by a Gibson Dunn team led from Texas and New York.

"The dollar amounts in the deal are staggering," said Gibson partner *Robert Little*, who co-led the deal from Dallas. "Both companies operate in dynamic business environments, so they move very quickly, including in how they approach transactions."

"In the deal, we had to address both sides' unique, complex capital structures, address employee ownership issues and tackle related party transaction issues," said Little. "SpaceX is very sophisticated and focused on making the right decisions for all of their stakeholders. It was a fun, fast-paced deal."

In the announcement Musk says, in essence, that he intends to add orbiting solar-powered hyperscaling data centers to his Starlink portfolio of telecommunications and spy satellites to power AI-driven applications on earth, not just to improve upon his long-sought direct-to-cell telephone system, but "to make a sentient sun to understand the universe and extend the light of consciousness to the stars."

Last September, Little and Gibson col-



Photo of Rob Little

league *George Sampas* advised SpaceX on its purchase of \$17 billion of satellite spectrum licenses that EchoStar — operators of DISH TV, Sling TV, HughesNet and other diverse media properties — was divesting because of the Colorado-based company's financial trouble. In November, EchoStar joined up with SpaceX in a direct-to-cell satellite venture, exchanging another batch of satellite frequencies for \$2.6 billion in cash and SpaceX stock. But citing tariffs, the 43-day federal government shut-down and a lack of cash in its foreseeable future, EchoStar told the SEC in November that their on-going situation "raises substantial doubt about our, and certain of our subsidiaries, ability to continue as a going concern."

The merger was necessary, said Musk, because data centers on Earth won't be able to provide enough energy "without

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imposing hardship on communities and the environment.”

The \$1.25 trillion valuation is an enterprise valuation, valuing SpaceX at \$1 trillion and xAI at \$250 billion. SpaceX had reportedly been eyeing an IPO for sometime this year, and the tie-up of the two companies would likely enhance the value of the deal. Bloomberg reports that filings in Nevada lists Space Exploration Technologies as the “managing member” of xAI.

Even so, in sheer numbers the deal bests *The Texas Lawbook*’s exclusive Corporate Deal Tracker total valuation for all M&A deals in 2025. To put the SpaceX figure in perspective, for all of last year, there were 1,713 deals tallied by the CDT for an overall value of \$1.20 trillion.

Gibson Dunn advised SpaceX on the deal with a national team led by *Robert Little* in Dallas and *George Sampas* in New York. The team also includes *Chris Trester* in Palo Alto, *Evan D’Amico* in Washington and *Hillary Holmes* and *Harrison Tucker*, both in Houston. Also on the team were East Coast associates *Paul Lee*, *Owen Alderson*, *Stephen Huie*, *Jessica Egbebike* and West Coaster *Carli Zimelman*.

Doug Horowitz in New York advised on financing, while *Eric Sloan* in New York and *Michael Cannon* in Dallas and associates *Doug Bresnick* in New York and *Austin Morris* in Dallas advised on tax. Dallas partners *Krista Harvey* and *Gina Hancock* and associate *Spencer Bankhead* in Orange County advised on benefits.

Washington, D.C. partners *Matthew Axelrod* in Washington and *Adam M. Smith* and associate *Chris Mullen* advised on international trade, while partner *Lindsay Paulin* and associate *Sarah-Jane Lorenzo* from the same office advised on government contracts. D.C. partners *Stephen Weissman* and *Joshua Lipton* with *Attila Borsos* from Brussels, *Claire Shepherd* and *Alana Tinkler* of London and associates *Alexander Merritt* in D.C. and *Aakarsh Narula* in London advised on antitrust.

Sullivan & Cromwell represented xAI from the Palo Alto office led by *Mike*

Ringler and *Peter Jones*.

In-house for SpaceX was Vice President of Legal *Christopher Cardaci*, Senior Director of Legal *Michael Smith* and Senior Counsel *Stephen Herndon*.

In his lengthy announcement of the deal, Musk defended his satellite data center strategy as an environmental imperative.

“The basic math is that launching a million tons per year of satellites generating 100 kW of compute power per ton would add 100 gigawatts of AI compute capacity annually, with no ongoing operational or maintenance needs. Ultimately, there is a path to launching 1 TW/year from Earth.”

“In the long term, space-based AI is obviously the only way to scale,” Musk said. “To harness even a millionth of our sun’s energy would require over a million times more energy than our civilization currently uses. By directly harnessing near-constant solar power with little operating or maintenance costs, these satellites will transform our ability to scale compute. It’s always sunny in space.”

Allen Pusey and *Christi Trammell* contributed to this report.