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Gary Simon Discusses with Reuters Triangular Merger of SpaceX and xAI

Articles & Press

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Feb. 27, 2026 – Gary Simon was interviewed by [Reuters](#) for its published story on SpaceX’s purchase of xAI – both companies owned by Elon Musk – in a deal that creates a \$1.25 trillion company.

Instead of combining the two companies into one and fully integrating operations, Musk decided to retain xAI as a wholly owned subsidiary of SpaceX. The approach, known as a triangular merger, is a commonly used structure in public-company transactions designed to be tax-efficient and limit legal exposure.

Simon was quoted in the story: “In an acquisition where the target ends up as a subsidiary of the buyer, no prior liabilities of the target necessarily become liabilities of the parent.” He added that “corporate insulation of stockholders from liability is a key reason” to acquire the new business through a subsidiary.

Large acquisitions ahead of an IPO can sometimes trigger extra accounting and regulatory hurdles, particularly if the acquired business is deemed “significant” under U.S. securities rules. However the merger might avoid that if xAI falls below the Securities and Exchange Commission’s 20% significance threshold.

Simon was further quoted in the story: “If it doesn’t meet the ‘significant subsidiary’ test, SpaceX generally would not have to include xAI’s financials in its IPO filings with the SEC.”

[Read the article.](#)

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Gary J. Simon

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