
Artificial Intelligence Industry Developments – May 2026

The following newsletter includes a high-level review of activity across technical, regulatory, legal and market areas of AI over the last month, highlighting selected new trends.

CYBERSECURITY AND NATIONAL SECURITY

AI models' increasing cybersecurity capabilities continue to raise international alarms for governments, regulators and businesses. Such capabilities also emphasize AI's importance to national security amidst a rivalry between the U.S. and China to lead the world in AI.

- Following Anthropic's announcement that its most recent and most capable model, Claude Mythos Preview ("Claude Mythos"), was too effective at finding zero-day cybersecurity vulnerabilities to safely release to the general public, AI became a central point of discussion during President Trump's state visit to China. U.S. Treasury Secretary Scott Bessent stated it was "of utmost importance" that the U.S. maintain its lead over China in AI and discussed AI safety guardrails with Chinese delegates. [Link](#)
- The Department of War (the "DoW") has agreed with eight AI companies to use AI for classified work, with each, according to the Pentagon, accepting terms that allow the DoW to deploy the vendors' AI for "any lawful use." However, the DoW has not included Anthropic, creator of Claude Mythos, following the standoff about "any lawful use" terms discussed in Cravath's [February Artificial Intelligence Developments Newsletter](#). [Link](#)
- Following Anthropic, Google, Microsoft and SpaceX reportedly also agreed to give the U.S. government early access to unreleased models to mitigate potential national security risks. [Link](#)
- President Trump postponed a scheduled signing of an executive order inspired by Claude Mythos that would have asked AI companies to preview certain AI models with the government before release, saying that he did not want to take actions that "get in the way of th[e] lead" of the U.S. over China in AI development. [Link](#)

- Major U.S. banks have reportedly been mobilizing to patch cybersecurity gaps before next-generation AI models are more broadly released. [Link](#)
- Mozilla Firefox, one of Anthropic's partners given early access to Claude Mythos, stated that it used Claude Mythos to fix 423 serious security bugs in April, compared to an average of just over 20 monthly bugs in 2025. [Link](#)

LIFE SCIENCES

Recently, AI labs and large healthcare companies have seen healthcare and drug development as particularly beneficial, profitable and tractable areas to apply AI and have made several strategic moves toward realizing such applications.

- Major pharmaceutical companies have continued to deepen their investments in AI-driven drug development, including J&J ([Link](#)), Eli Lilly ([Link](#)), Roche ([Link](#)), Novo Nordisk ([Link](#)) and Bristol Myers Squibb ([Link](#)).
- OpenAI launched GPT-Rosalind, a model designed for life sciences research with customers including Amgen, Moderna and Thermo Fisher Scientific. [Link](#)
- Anthropic added the CEO of pharmaceutical giant Novartis to its board of directors. [Link](#)
- Google-backed Isomorphic Labs raised \$2.1 billion to build AI-powered drug discovery tools. [Link](#)
- The U.S. Food and Drug Administration issued a request for information for input on how to use AI to improve the efficiency and speed of clinical trials ([Link](#)) and launched pilot AI-enabled, real-time clinical trials that could offer accelerated drug testing timelines ([Link](#)).

Additionally, AI investment and capability continue to progress, along with new business, regulatory, litigation and M&A developments.

BUSINESS DEVELOPMENTS

- Anthropic continues to grow its revenue run rate at a breakneck pace, reportedly on track to reach a \$50 billion revenue run rate next month after ending December with a revenue run rate of \$9 billion, widening a revenue lead over OpenAI. [Link](#)
 - To serve this demand, Anthropic is partnering with other AI companies, including its rivals, agreeing to buy all the computing capacity from SpaceX's Colossus 1 data center and its over 220,000 Nvidia chips, as well as accepting \$40 billion in investment from Google and committing to buy \$200 billion in Google chips and cloud services over five years, and accepting up to \$25 billion in investment from Amazon while committing to buy \$100 billion in Amazon cloud services over the next 10 years. [Link](#)
 - SpaceX filed its Form S-1 for its IPO, targeting a raise of \$80 billion or more. [Link](#)
 - OpenAI revised its revenue-sharing agreement with Microsoft, formerly its exclusive partner. [Link](#)
 - Chipmaker Cerebras priced its shares at \$185 for its IPO, closing its first trading day up 68% at \$311.07 with a market capitalization of \$67 billion. [Link](#)
- ## REGULATION
- Pope Leo XIV focused his first encyclical letter, "Magnifica Humanitas," on concerns about AI, calling for regulation, "independent oversight, informed users and a political system that does not abdicate its responsibility." [Link](#)
 - European Union countries agreed to revised AI rules viewed as significantly less restrictive than previous plans by, for example, delaying "high-risk AI" rules from going into effect until December 2027, to reduce compliance burdens for European AI companies. [Link](#)
 - California Governor Gavin Newsom signed an executive order to investigate AI's potential effects on employment and options to support displaced workers. [Link](#)

- A new Utah data center was approved to provide 9 GW of computing capacity, requiring more than double the state's previous total average electricity use of 4 GW. [Link](#)

LITIGATION

- A highly anticipated trial brought by Elon Musk against OpenAI and its CEO Sam Altman began, with Musk seeking \$150 billion in damages and to revert OpenAI to its former non-profit structure, promising to give any proceeds to charity ([Link](#)). However, the jury found that Musk's claims against OpenAI and Altman were barred by the statute of limitations ([Link](#)).
- OpenAI is reportedly considering legal action against Apple for allegedly breaching the parties' contract to integrate ChatGPT into Apple's AI assistant, Siri. [Link](#)
- Five major publishers and author Scott Turow sued Meta and Meta founder and CEO Mark Zuckerberg for allegedly infringing copyrights to train its AI models. [Link](#)

M & A

- NextEra Energy agreed to buy Dominion Energy in a roughly \$66.8 billion deal that would create the world's largest U.S. electricity producer and largest regulated electric utility by market value, intending to serve the booming demand to power AI data centers. [Link](#)
- Following reporting described in Cravath's [March Artificial Intelligence Developments Newsletter](#), OpenAI announced a \$4 billion joint venture with private equity firms, including TPG, Advent, Bain Capital and Brookfield. The venture is expected to offer consulting services to improve AI adoption within companies, including those owned by the private equity firms ([Link](#)). Anthropic announced a similar \$1.5 billion joint venture with private equity firms Blackstone and Hellman & Friedman ([Link](#)).
- China ordered Meta to unwind its \$2 billion purchase of Chinese AI startup Manus. [Link](#)