United States Senate

WASHINGTON, DC 20510

August 10, 2026

Pete Hegseth
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C., 20301-1000

Dear Secretary Hegseth,

We write in regard to defense contractors' implementation of President Trump's executive order #14372 ("Prioritizing the Warfighter in Defense Contracting"), which restricts these companies' stock buybacks and distributions if they are not meeting the Department of Defense's (DoD) performance needs.[1] In particular, we want to bring to your attention a new set of findings by our staff about the impact of this executive order. That review of the defense industry's latest earnings calls and financial reports show that the Department's signal for accountability is already generating a response: the Pentagon should continue this progress by supporting efforts to cement these reforms in law. As you have noted, this executive order would help ensure that there are "no more excuses" for defense contractors that fail to meet their contractual obligations, including "no more stock buybacks…. for companies that can't make [weapons systems] on time."[2]

Following defense companies' latest quarterly earnings reports, my staff conducted a review of the financial data from the top 20 publicly traded defense contractors in the U.S. to understand their response to the implementation of President Trump's January 7, 2026 executive order. Our findings revealed that six months since the executive order was issued, each of the four largest defense contractors that engaged in stock buybacks and dividend payouts in the first quarter of 2025 cut them dramatically in the first quarter of 2026.[3] Combined, these four companies – Lockheed Martin, RTX, Northrop Grumman and General Dynamics – spent $4.2 billion on buybacks and dividends in Q1 2025; during the same quarter this year, they spent only $2.7 billion, a roughly 36 percent drop (Table 1).[4] Boeing, the other top five contractor, did not engage in buybacks or dividend payments in either Q1 2025 or Q1 2026. Instead of using funds

---

[1] Executive Order #14372, Prioritizing the Warfighter in Defense Contracting, January 7, 2026, https://www.federalregister.gov/documents/2026/01/13/2026-00554/prioritizing-the-warfighter-in-defense-contracting.
[2] The Wall Street Journal, "Pentagon Warns Major Defense Contractors It Is Reviewing Their Performance, Marcus Weisberger and Laura Seligman, February 9, 2026, https://www.wsj.com/politics/national-security/pentagon-warns-major-defense-contractors-it-is-reviewing-their-performance-6a59ba0e?st=UGfkob&reflink=article_copyURL_share.
[3] Contractor disclosures and Securities and Exchange Commission files, compiled by Office of Senator Elizabeth Warren [Appendix A].
[4] *Id.*

for buybacks or dividends, these companies increased their capital expenditures by over $650 million (Table 2). [5] This shift was precisely the outcome intended by President Trump.

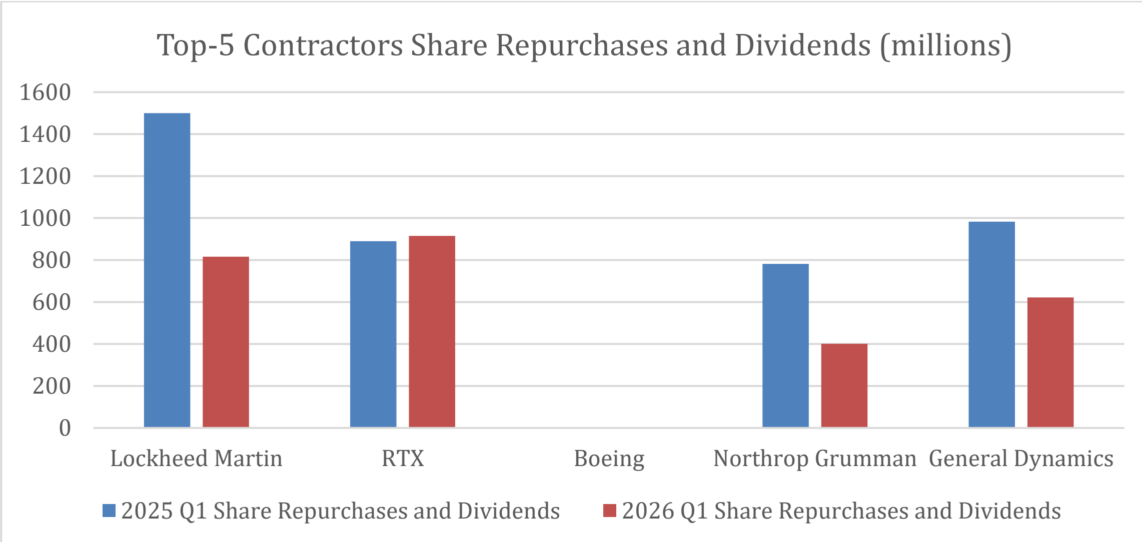

Table 1.

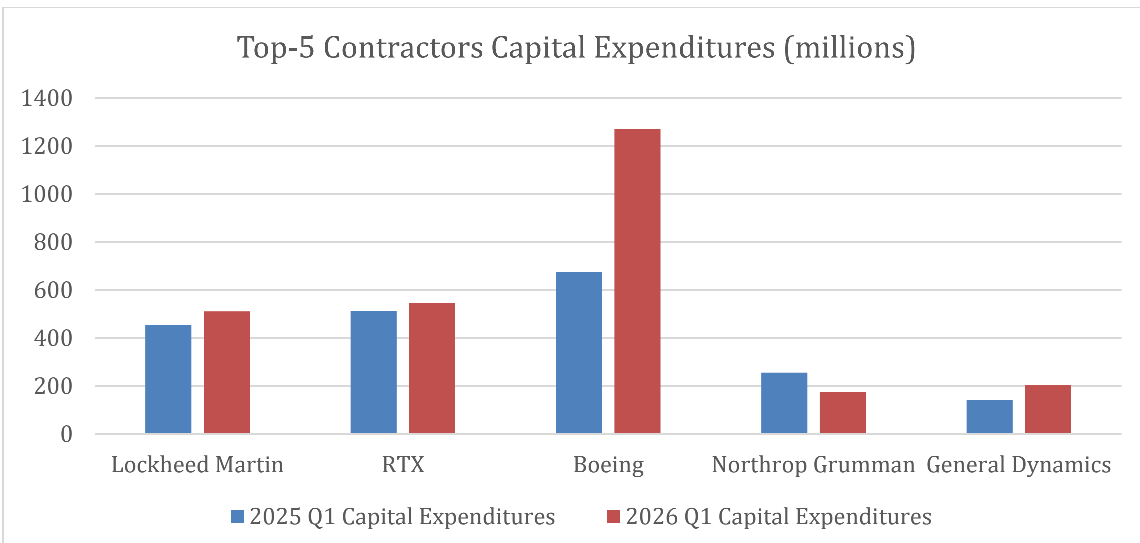

Table 2.

On their most recent quarterly earning calls, these companies' CEOs also noted their commitments to continue increasing their capital investments:

- Lockheed Martin Chairman, President, and CEO James Taiclet noted that the company is "in the process of construction and/or modernization of more than 20 facilities… dedicated to achieving these greatly expanded production rates."[6]

---

[5] *Id.*

[6] The Motley Fool, "Lockheed Martin (LMT) Q1 2026 Earnings Transcript," https://www.fool.com/earnings/call-transcripts/2026/04/23/lockheed-martin-lmt-q1-2026-earnings-transcript/.

- RTX President and CEO Christopher Calio stated that that the company will "make significant investments going forward to advance production capabilities and add new manufacturing lines."[7]
- Boeing President and CEO Kelly Ortberg noted that the company continues "to make investments in our people and facilities to meet the evolving needs of the United States."[8]
- Northrop Grumman Chair, CEO, and President Kathy Warden stated that the company has "opened over 20 new facilities" in the past two years and is "in discussion on numerous additional opportunities to help achieve [the Department's] goal." [9]

These defense contractors continued to report a strong financial outlook for their shareholders, indicating this reduction in buybacks did not pose any harm to each of the companies' underlying business fundamentals. For example:

- Lockheed Martin told its investors that "sales increased 7% year-over-year in the first quarter" after engaging in no stock buybacks in its first quarter, and expects sales to grow throughout the remainder of the year, "supporting our full-year growth outlook."[10]
- RTX reported "a very good start to the year," with adjusted sales "up 9% on an adjusted basis and up 10% organically."[11]
- Boeing stated that their "revenue grew 21% to $7.6 billion" in its first quarter.[12]
- Northrop Grumman told its investors that the company "continue[s] to generate strong financial results" and is "confident that we are well positioned for continue profitable growth and value creation."[13]

The trend was not restricted to the largest contractors: overall, the top 20 contractors cut stock buybacks and dividends by $2.0 billion in Q1 2026 compared to Q1 2025.[14] They reported an increase in capital expenditures of $1.2 billion in Q1 2026 compared to Q1 2025.[15] 12 of the top 20 contractors reduced their buyback and dividend payments in Q1 2026 relative to Q1 2025. On balance, this review reveals that the President's executive order helped protect taxpayers and improve investments by defense contractors.

---

[7] The Motley Fool, "RTX (RTX) Q1 2026 Earnings Transcript," https://www.fool.com/earnings/call-transcripts/2026/04/21/rtx-rtx-q1-2026-earnings-call-transcript/.

[8] Yahoo Finance, "Boeing Company (The) (BA) Q1 FY2026 earnings call transcript," April 22, 2026, https://finance.yahoo.com/quote/BA/earnings/BA-Q1-2026-earnings_call-547051.html.

[9] The Motley Fool, "Northrop (NOC) Q1 2026 Earnings Transcript," https://www.fool.com/earnings/call-transcripts/2026/04/21/northrop-noc-q1-2026-earnings-transcript/.

[10] The Motley Fool, "Lockheed Martin (LMT) Q1 2026 Earnings Transcript," https://www.fool.com/earnings/call-transcripts/2026/04/23/lockheed-martin-lmt-q1-2026-earnings-transcript/.

[11] The Motley Fool, "RTX (RTX) Q1 2026 Earnings Transcript," https://www.fool.com/earnings/call-transcripts/2026/04/21/rtx-rtx-q1-2026-earnings-call-transcript/.

[12] Yahoo Finance, "Boeing Company (The) (BA) Q1 FY2026 earnings call transcript," April 22, 2026, https://finance.yahoo.com/quote/BA/earnings/BA-Q1-2026-earnings_call-547051.html.

[13] The Motley Fool, "Northrop (NOC) Q1 2026 Earnings Transcript," https://www.fool.com/earnings/call-transcripts/2026/04/21/northrop-noc-q1-2026-earnings-transcript/.

[14] Contractor disclosures and Securities and Exchange Commission files, compiled by Office of Senator Elizabeth Warren [Appendix A].

[15] *Id.*

However, our review also revealed that some contractors, despite the executive order, continued to hand out larger stock buybacks and dividends to shareholders while the companies' capital expenditures declined. For instance, GE Aerospace spent $2.3 billion on stock buybacks in Q1 2026, a 21% increase from the $1.9 billion it spent on stock buybacks in Q1 2025.[16]

These contractors who did not respond to the President's executive order reveal the need for legislation that emboldens the Department to enforce accountability. Legislation also provides certainty, and ensures that these changes are part of a strategic shift to deliver more fiscal responsibility to the Department instead of temporary changes that can be quickly reversed.

That is why, we introduced the *Prioritizing the Warfighter in Defense Contracting Act* in March to support the President's effort,[17] which had its key elements adopted in the Senate FY27 NDAA.[18] But the military industrial complex is fighting aggressively against this bipartisan legislation that is a Trump Administration priority.[19] If they succeed in stripping this amendment from the NDAA, defense contractors will continue to profit at taxpayers' expense while failing to provide for the common defense. The Pentagon is handing companies billions – and now potentially trillions – of taxpayer dollars. Congress and the Administration must work together to ensure they fulfill their contractual obligations and enhance national security.

The latest round of financial reports from defense contractors shows that despite their concerns, defense contractors can afford to prioritize the warfighter and increase investments to improve outcomes and address schedule delays and cost overruns plaguing the Pentagon's weapons systems.

Given the findings of our review, we urge your support for codifying the President's executive order into law and ensuring that the order has lasting results.

Sincerely,

Elizabeth Warren
United States Senator

Michael S. Lee
United States Senator

[16] *Id.*
[17] Prioritizing the Warfighter in Defense Contracting Act, S. 4212, https://www.congress.gov/bill/119th-congress/senate-bill/4212.
[18] Senate Committee on Armed Services, Report 119-127 on National Defense Authorization Act for Fiscal Year 2027, S.4784, June 15, 2026, https://www.govinfo.gov/content/pkg/BILLS-119s4784rs/pdf/BILLS-119s4784rs.pdf.
[19] CNBC, "Business declares war on Pentagon stock buyback, dividend restrictions moving in Senate," Garrett Downs, July 14, 2026, https://www.cnbc.com/2026/07/14/stock-buyback-ban-senate-lobbying-ndaa.html.

Appendix

A. Defense Contractor disclosures and Securities and Exchange Commission files, Listing Top 20 U.S. based publicly traded companies that contract with the Department.[20]

Company	2025 Q1 Share Repurchases and Dividends	2026 Q1 Share Repurchases and Dividends	2025 Q1 Capital Expenditures	2026 Q1 Capital Expenditures
Lockheed Martin	$1.5 B	$816 M	$454 M	$511 M
RTX	$890 M	$915 M	$513 M	$546 M
Boeing	0	0	$674 M	$1.2 B
Northrop Grumman	$782 M	$401 M	$256 M	$167 M
General Dynamics	$983 M	$622 M	$142 M	$203 M
Humana	$117 M	$214 M	$95 M	$121 M
Huntington Ingalls	$53 M	$54 M	$67 M	$99 M
L3Harris	$797 M	$534 M	$59 M	$99 M
Cencora	$657 M	$243 M	$235 M	$285 M
Leidos	$581 M	$298 M	$22 M	$31 M
Health Net Federal	$41 M	$29 M	$135 M	$200 M
Amentum[21]	0	0	$12 M	$11 M
ATI	$70 M	$75 M	$53 M	$55 M
GE Aerospace	$2.2 B	$2.6 B	$208 M	$331 M
Booz Allen Hamilton[22]	$1 B	$874 M	$98 M	$90 M
SAIC	$101 M	$144 M	$6 M	$9 M
CACI[23]	$164 M	$12 M	$37 M	$59 M
Textron	$218 M	$171 M	$56 M	$133 M
Dell	$2.3 B	$2 B	$568 M	$963 M
Fluor	$142 M	$516 M	$11 M	$11 M
TOTAL	**$12.5 B**	**$10.5 B**	**$3.9 B**	**$5.1 B**

[20] Sam.gov, "Top 100 Contractors Report Fiscal Year 2024," https://sam.gov/reports/awards/static;Report=.
[21] Amentum's fiscal year runs from October – October. Data is pulled Amentum's quarter 2 SEC filings, covering the months following the President's executive order.
[22] Booz Allen Hamilton's fiscal year runs from March – March. Data is pulled Booz Allen Hamilton's quarter 4 SEC filings, covering the months following the President's executive order.
[23] CACI's fiscal year runs from June – June. Data is pulled CACI's quarter 3 SEC filings, covering the months following the President's executive order.