

Treasury Primer · Aerospace and Defense

Treasury Management for Fast-Scaling Aerospace and Defense Companies

A Founder and CFO Primer: What the Largest Balance Sheets Actually Do, and What You Should Do Instead

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Rate and yield figures move continuously. Educational only. Not investment, legal, tax or accounting advice.

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Who this is for

You raised somewhere between \$50 million and \$1 billion. The money landed. It is sitting in a bank account earning close to nothing, your board has started asking what you plan to do about it, and the honest answer is that nobody owns the question yet.

That is the normal state of affairs at Series B through Series E. It is also expensive.

This primer is written for founders and finance chiefs at scaling aerospace, defense and defense-industrial-base companies. It draws on a line-by-line reading of how twenty-one of the largest technology and hardware companies actually hold their cash, taken straight from the investment footnotes of their SEC filings. Then it translates that into what a company your size should copy, and what it should ignore.

The short version: copying Apple is a trap. The boring answer is the right one. And the thing that will actually move your cash position has almost nothing to do with your portfolio yield.

What this is not. This document is educational. It is not investment, legal, tax or accounting advice, and nothing here is a recommendation to buy or sell anything. Rates move. Verify every figure before you act on it, and run your investment policy past your auditor, your counsel and your board.

Part I

What the pros actually do

Twenty-one of the largest balance sheets, read line by line from their SEC filings.

Nobody holds cash

Start with the line on the balance sheet that says "cash and cash equivalents." Most of it is not cash.

Across the largest technology balance sheets, true bank deposits run between 2% and 21% of total liquidity. The rest sits in money market funds and short-dated paper.

Company	As of	Liquid portfolio	True bank cash	Money market funds	Government and agency	Corporate credit and structured
Apple	Dec 2025	\$143.8B	21.4%	4.1%	23.3%	49.2%
Microsoft	Jun 2026	\$76.8B	19.1%	not broken out	57.8%	16.7%
Alphabet	Mar 2026	\$120.8B	12.8%	13.8%	40.7%	32.8%
Nvidia	Jul 2026	\$56.6B	1.9%	15.3%	82.8%	0.0%

Look at Nvidia. It keeps 1.9% of its liquidity in banks. Nobody forgot to move the rest.

Apple tells the same story more slowly. Its cash line fell from \$30.8 billion to \$26.8 billion between December 2025 and June 2026, while its money market holdings climbed from \$6.0 billion to \$7.8 billion. Money is walking out of deposits and into funds.

Money market funds are the real operating buffer

At the top of the market, money market funds do the job most founders assume their bank account is doing. They run 4% to 15% of the portfolio. And they are turning up in places nobody would have predicted five years ago.

Consider what Meta did. It reclassified **\$10.80 billion of money market funds as restricted cash equivalents**, locked against escrow requirements under multi-year infrastructure purchase agreements, with release scheduled between 2028 and 2030. A supplier wanted cash set aside rather than a purchase order, and Meta posted fund shares to satisfy it. Qualcomm ring-fenced roughly \$2.3 billion for an acquisition. Amazon pledges cash and marketable debt securities as collateral against real estate, seller payables and letters of credit.

You are not going to escrow \$10 billion. But a prime or a landlord may well ask you to escrow something, and your treasury structure should be able to carve out a pledged tranche without the rest of the machine seizing up.

The strategic fork: government or credit

There are two camps here, and the split has more to do with vintage than with industry.

The government camp. Nvidia holds 82.8% in Treasuries and agencies, with **zero corporate debt**. It got there deliberately, liquidating roughly \$15 billion of corporate securities between January and July 2026. Microsoft sits at 57.8% government.

The credit and duration camp. Apple holds 49.2% in corporate debt and mortgage- and asset-backed securities. Fully 65% of that mortgage- and asset-backed book matures beyond ten years.

Why the gap? Apple built its portfolio when rates were pinned near zero and the only way to manufacture yield was to accept credit risk, duration risk, or both. Nvidia rebuilt its portfolio last quarter, when Treasury bills pay close to 4% and reaching for yield buys you nothing but risk.

If you are building a portfolio in 2026, you are building Nvidia's. Be skeptical of any advisor who waves at Apple's allocation as a template.

The portfolio is now a construction warehouse

Something has changed in what these balances are for. The liquidity portfolio used to be a savings account. It has become a staging area for capital expenditure, with a drawdown schedule attached.

Microsoft ran its portfolio down from \$94.6 billion to \$76.8 billion while property, plant and equipment climbed from \$205 billion to \$313 billion. Others went the other way and pre-funded. Oracle issued \$43.0 billion of senior notes across nine months. Alphabet pulled in \$86.3 billion of financing in the first half of 2026. Nvidia raised \$25.0 billion in June. Salesforce roughly quadrupled its debt.

This matters to you more than it might appear. A company that just closed a round is in precisely the same position: a large balance, a known burn, and a set of commitments with dates attached. So size your tranches against the drawdown calendar. Not against a target allocation percentage.

Gross cash is a vanity metric

Net out the debt, the encumbrance and the near-term commitments, and the league table scrambles completely.

Oracle holds \$38.5 billion of cash against \$134.6 billion of debt. Salesforce holds \$11.4 billion against \$39.3 billion. Both look liquid on the front page and neither is. Meta owns a first-rate portfolio that is quietly undercut by \$10.80 billion of escrow and \$349 billion of contractual commitments, roughly \$53.5 billion of which comes due in 2026 alone.

Micron runs the mirror image. It holds \$30.1 billion of liquidity against \$5.7 billion of debt, having prepaid \$9.0 billion. Unremarkable on gross cash. The most resilient balance sheet in the group.

The number that tells you something is unencumbered liquidity, net of debt, measured in months of your own cash operating expense. Nothing else comes close.

The figure that should worry you

Run the coverage math across all twenty-one companies and one result stands out.

For the median company in that group, every dollar of bank cash on hand would fund about **two weeks** of cash operating costs. The full marketable securities portfolio funds a little over **six months**. Add capital expenditure to the denominator and the whole book funds under **five months**.

2 weeks

Cash operating costs
funded by bank cash,
median large-cap

6+ months

Funded by the full
marketable securities
portfolio

<5 months

Coverage once capital
expenditure is included

These are the best-capitalised companies on earth. If their coverage is measured in months, yours had better have a real forecast standing behind it.

Part II

The rate environment you are investing into

Where rates sit, what the curve is saying, and what the prize is actually worth.

Everything in this section is current as of late August 2026 and will move.

Where rates sit

The Federal Reserve's target range for the federal funds rate is **3.50% to 3.75%**. It has held there since December 11, 2025, and the July 29, 2026 meeting left it alone. That is well down from the 5.50% peak of July 2023.

Treasury yields, August 24 to 27, 2026, coupon-equivalent:

Instrument	Yield
4-week bill	approx. 3.70%
13-week bill	approx. 3.79%
26-week bill	approx. 3.93%
52-week bill	approx. 4.03%
2-year note	approx. 4.24%
5-year note	approx. 4.40%
10-year note	approx. 4.68%

The shape is the interesting part. The front end slopes gently upward. A 52-week bill pays about 30 basis points more than a 4-week. That reverses the deep inversion that defined 2023 and 2024, and it changes the answer: a short ladder now beats sitting overnight, and there is a modest premium for stretching from four weeks out to twelve months. Past roughly two years, you take on real duration risk for very little extra yield.

Government money market funds pay roughly 3.3% net. Fidelity's Government Money Market Fund posted a seven-day yield near 3.29%, after its 0.42% expense ratio, at mid-2026. These funds track three-month bills less fees.

Business operating checking pays close to nothing. Treasury sweep and insured cash sweep products do better, though generally still less than buying bills directly.

The prize, honestly quantified

Here is where most treasury pitches oversell.

Move	Spread	On \$100M	On \$250M	On \$1B
Zero-rate operating account to a laddered portfolio	approx. 360-390 bp	\$3.6-3.9M/yr	\$9.0-9.8M/yr	\$36-39M/yr
Government MMF to a fully optimised ladder	approx. 40-60 bp	\$0.4-0.6M/yr	\$1.0-1.5M/yr	\$4-6M/yr

Read those two rows against each other. Almost the entire benefit comes from the first move.

If you do nothing else after reading this document, sweep your idle balance into a government money market fund. That single decision captures roughly six-sevenths of what is available. Everything after it is refinement, and at \$50 million of investable cash the refinement is worth \$200,000 to \$300,000 a year. Real money. Not a good use of your finance chief's week.

The structural point most founders miss

Custody, deposits, and what 2023 should have taught every finance chief.

Custody and deposits are different things

This is the most important concept in the document, and it is routinely misunderstood.

A deposit is a loan to your bank. Put \$50 million in an account and the bank owns that money. What you own is a claim against the bank. If it fails, you are a general unsecured creditor for everything above the FDIC limit of \$250,000 per depositor, per insured bank, per ownership category. You wait in line with the other creditors.

Securities in custody belong to you. Treasuries and money market fund shares sitting in a brokerage or custodial account are segregated customer assets under the SEC's Customer Protection Rule, 15c3-3. If the broker-dealer collapses, those securities come back to you out of the customer-property estate. SIPC covers shortfalls up to \$500,000 per customer, with a \$250,000 sub-limit on cash. But the coverage limit is beside the point. In the ordinary case there is no shortfall, because the assets were never the broker's to lose in the first place.

Now Nvidia's 1.9% makes sense. A deposit is a credit exposure. A custodied Treasury is not.

What happened in 2023, and why you cannot count on it happening again

Silicon Valley Bank closed on March 10, 2023. Signature Bank followed days later. On March 12, the Treasury Secretary, acting on the recommendation of the FDIC and the Federal Reserve and in consultation with the President, invoked the statutory **systemic risk exception** and guaranteed every deposit at both institutions, insured and uninsured alike. The FDIC later put the cost of protecting uninsured depositors at roughly \$15.8 billion, recovered through a special assessment on the banking industry.

SVB's depositors were overwhelmingly venture-backed companies. The run took less than forty-eight hours.

Here is the part that matters to you. That rescue was discretionary. It was not automatic and it was not owed. Both the GAO and the Congressional Research Service have since observed that the exception created moral hazard, and that an isolated mid-size bank failure poses little systemic risk, which is a polite way of saying the exception would probably not be invoked next time. Build your structure accordingly.

What changed afterwards

The behaviour shifted fast. Kruze Consulting, working from anonymised data across roughly 400 clients holding about \$4 billion, found startups moved from an average of one banking relationship to two. JPMorgan Chase's share of startup cash went from roughly 15% before SVB to over 60% by the end of 2023. No single institution now holds half the ecosystem's cash, where SVB once held close to it.

Venture term sheets have caught up. A board-ratified investment policy and a multi-bank structure are increasingly closing conditions rather than nice-to-haves.

The four-bucket structure

Operating, Reserve, Core, Encumbered. A deliberately dull structure that works.

What follows is deliberately dull. Preservation of principal comes first, liquidity second, yield third, and that order never changes. Any advisor who reorders it is selling you something.

Bucket 1: Operating

Horizon: T+0. **Instruments:** operating deposits at two or more banks, government money market funds. **Size:** four to eight weeks of gross outflow, typically 10% to 15% of the total.

This is payroll, payables and the settlement rail. Size it off your thirteen-week forecast rather than off a percentage. And keep a fully wired, genuinely tested escape hatch at a second institution, one that could run payroll on its own if your primary bank went dark on a Friday morning. Test it before you need it.

Bucket 2: Reserve

Horizon: one to ninety days. **Instruments:** a Treasury bill ladder with weekly or monthly rungs, government money market funds, insured cash sweep. **Size:** 35% to 45%.

The shock absorber. Build the rungs so they mature into outflows you already know about. A rung landing the week before a large milestone payment is worth considerably more than a few extra basis points.

Bucket 3: Core

Horizon: three to eighteen months. **Instruments:** Treasury notes, agency discount notes, A-1/P-1 commercial paper, investment-grade corporates of two years or less. **Size:** 40% to 50%.

Size this against what you will *not* spend in eighteen months. If you cannot answer that from a capital expenditure and payables schedule, then you do not know, and it belongs in Bucket 2 until you do.

Bucket 4: Encumbered and strategic

Horizon: as required. **Instruments:** whatever the counterparty demands. **Size:** as required.

Most growth companies discover this bucket the hard way, when a prime or a landlord asks for escrow, a letter of credit, performance bond collateral or an acquisition holdback. Meta's \$10.80 billion escrow is the mega-cap version of the same conversation. Design the structure now so a ring-fenced tranche can be carved out later without disturbing the other three.

Parameter ranges by scale

Starting points, not prescriptions. Calibrate with your board and your advisor.

Parameter	approx. \$50M investable	approx. \$250M	approx. \$1B
Primary vehicles	Government MMF, insured sweep, short bills	Government MMF plus T-bill ladder, possibly an SMA	Government MMF plus laddered bills and notes via SMA
Maximum maturity per security	12 months	2 years	2 to 3 years
Maximum weighted-average maturity	6 to 9 months	approx. 12 months	approx. 12 to 18 months
Credit floor	Government and agency, plus A-1/P-1 only	A-/A3 minimum for any corporate	A-/A3 minimum, largely government
Single-issuer limit, non-government	5%	5%	5%
Governance	Board ratifies the policy	Audit committee reviews at least annually	Audit committee plus a treasury function

The 5% single-issuer limit, with United States government exposure left unlimited, follows the Association for Financial Professionals short-term investment policy template.

What belongs in the policy document

At minimum, a board-approved investment policy statement should set out:

- Scope, purpose and governance: who owns the policy, how authority is delegated, and the dollar thresholds at which staff, treasurer and committee approval kick in.
- The objectives hierarchy, written in order: preservation of principal, then liquidity, then yield.
- The eligible instrument list, framed as a permitted list rather than a prohibited one.
- Minimum credit ratings, naming the rating agency and specifying how split ratings are handled.

- Maximum maturity per security, and maximum weighted-average maturity for the portfolio.
- Issuer, sector and counterparty concentration limits.
- Permitted custodians.
- Reporting cadence and format.
- The exception and escalation process: who can approve a deviation, and how quickly it must be corrected.

Constraints worth writing down explicitly

Cap duration at twelve months weighted average, with twenty-four months as the ceiling on any single position. You forfeit perhaps 15 to 25 basis points against extending. In exchange you eliminate the mark-to-market swings that run through other comprehensive income and surface in every diligence process you will sit through for the next three years. Good trade.

No mortgage- or asset-backed securities. No non-United States sovereigns. No mutual funds or bond ETFs. Apple holds \$24 billion of mortgage- and asset-backed paper, which is a duration and prepayment position wearing a liquidity costume. Running it responsibly takes a permanent structural surplus and a full-time desk. You have neither, and pretending otherwise is how finance chiefs end up explaining an unrealised loss to a board.

Government money market funds, never prime. Under SEC Rule 2a-7, government funds hold essentially nothing but Treasuries, agency debt and repo collateralised by them, and the 2023 reforms exempted them from the mandatory liquidity fee machinery imposed on institutional prime funds. Prime pays you maybe 10 to 20 basis points more. In return you accept gate and fee risk in exactly the week you need the money. The Reserve Primary Fund broke the buck in September 2008. Prime funds needed Federal Reserve intervention in March 2020. Skip it.

Cap deposits per counterparty at the greater of two weeks of outflow or the insured limit. Insured cash sweep networks such as IntraFi's ICS and CDARS spread balances across member banks in sub-\$250,000 increments and can insure substantial sums. Capacity

depends on the network, it costs a few basis points, and it cannot efficiently cover a balance in the hundreds of millions. Above roughly \$100 million the answer stops being insurance and becomes custody.

Buy corporate credit only when it funds your own payables. A ladder matched to a known payables calendar is a different animal from a yield reach, even when the two hold identical paper.

Three things to leave alone

Institutional prime money market funds. Gate and fee risk, as above.

Tokenized Treasury and money market products. The tokenized Treasury market reached roughly \$12.9 billion by mid-2026, with BlackRock's BUIDL at approximately \$2.5 billion. The GENIUS Act was signed on July 18, 2025 and takes full effect on the earlier of January 18, 2027 or 120 days after final regulator rules. The framework is still being written, custody and audit treatment remain unsettled, and there is nothing on offer that a government money market fund does not already deliver with less risk. Look again in two years.

Bitcoin and digital assets as reserve assets. SpaceX holds 18,712 bitcoin and Tesla holds 11,509, so the idea is not fringe. It is still wrong for you. Under ASU 2023-08, effective for fiscal years beginning after December 15, 2024, crypto is carried at fair value with gains and losses running straight through net income, so your earnings inherit the volatility. For a defense contractor, add DCAA scrutiny, audit complexity and possible covenant conflicts. Set against all that, you get neither principal preservation nor liquidity. Your cash is investor capital earmarked for runway, and that fact settles the argument.

The aerospace and defense layer

Where an aerospace and defense finance chief earns more than yield will ever pay.

Generic treasury advice stops at Part IV. This is where an aerospace and defense finance chief earns considerably more than yield optimisation will ever pay.

Get the progress payments right

Customary Department of Defense progress payment rates under DFARS 232.501-1 are **80% for large businesses and 90% for small businesses**. A COVID-era class deviation lifted those to 90% and 95% respectively. Check the current deviation status against your specific contracts, because it moves and the delta is worth real money.

Progress payments are cost-based financing on fixed-price work, and they carry no profit until delivery. Performance-based payments under FAR 32.10 are the milestone-driven alternative. Neither arrives automatically. You have to ask, and in extraordinary circumstances you can pursue unusual progress payments under FAR 32.501-2.

Use the accelerated payment rules

Department of Defense policy under DFARS 232.903 is to accelerate payments to small business contractors and subcontractors to the fullest extent the law allows, **targeting fifteen days**. Under FAR 52.232-40, a prime that receives an accelerated payment has to

pass one through to its small business subcontractors within fifteen days, with no fees and no new consideration demanded in return.

If you are a small business subcontractor to a prime, that clause is a lever sitting in plain sight. Most companies never pull it.

Know the Prompt Payment clock, then plan around it

Agencies have to pay a proper invoice by the later of thirty days after the billing office receives it or thirty days after acceptance. Miss that and interest accrues automatically at the Treasury-published Prompt Payment rate, currently **4.75% for July through December 2026**, up from 4.125% in the first half of the year.

Now the practical warning. Build your forecast on observed timing, not contractual timing. Actual DFAS days-to-pay routinely runs past the thirty-day clock, and the gap between what the contract says and what the money does has killed companies that modelled the former.

Understand what the primes will do to you

Boeing's standard supplier payment terms run **120 days for the majority of suppliers**, and roughly 120 days has become the commercial aerospace norm. Boeing does operate a voluntary supply chain finance programme, letting suppliers sell receivables without recourse at a rate that borrows Boeing's credit, typically a base rate plus one to three percent, funding within five to ten days of approval.

Lockheed Martin, RTX, Northrop Grumman and General Dynamics negotiate terms per purchase order and publish nothing. Do not assume a number. Get it in writing before it goes anywhere near your model.

One lever worth knowing: on Department of Defense-funded work, the Pentagon pushes primes toward fifteen to thirty day supplier payment. That pressure is negotiating leverage if you use it.

Plan for the inventory build

Castings, forgings, rocket engines and qualified semiconductors all carry long lead times, which forces you to build inventory well ahead of any revenue. Intuitive Machines said as much in its second-quarter 2026 results, citing cash used for advanced inventory and long-lead material purchases for satellites.

On a fixed-price development contract this becomes the classic squeeze. You fund the parts. The customer pays on milestones. The gap in between is yours to carry, and it is usually larger than the model said it would be.

Line up the non-dilutive options early

The Department of Defense **Office of Strategic Capital** runs a credit programme offering direct loans and loan guarantees across thirty-one covered technology categories, with individual loans reaching \$150 million. In fiscal 2026 it committed over \$5 billion of debt financing and mobilised more than \$11 billion in total capital, including \$725 million to Energy Fuels for rare earths in June 2026 and \$820 million to Performance Drone Works for drone components in July. Fiscal 2026 appropriations provided \$97.8 million to subsidise up to \$4.4 billion of loans and guarantees, and the fiscal 2027 request is substantially larger.

Private market pricing, 2025 into 2026:

Instrument	Typical terms
Venture debt	All-in 8-15%, above 20% for higher risk; SOFR plus 6-9%; warrant coverage 1-2% at banks, 2-5% or more at funds; 2-4 year maturities
Government receivables financing	Advance rates 80-95%, up to approx. 97% for federal; fees 1-3% per 30-day cycle
Asset-based lending	Receivables 70-90%; inventory 35-65%; equipment approx. 60% of orderly liquidation value

Two structural notes that catch people out. Federal receivables financing prices below commercial factoring because the payer carries almost no default risk, but it requires compliance with the **Assignment of Claims Act, 31 U.S.C. 3727**. And government

receivables are generally ineligible for an asset-based borrowing base until that compliance is in place. Sort it out before you need the facility, not during.

Constraints specific to cleared contractors

ITAR and export controls, CFIUS review, and restrictions on foreign banking relationships all bear on where and how a cleared contractor can hold cash. Intel disclosed that a substantial majority of its time deposits sit with non-United States institutions. A cleared defense prime would have a much harder time defending that position.

On cost accounting: FAR 31.201-5 requires that any income, rebate, allowance or credit *relating to an allowable cost* be credited to the government. Investment income earned on your own cash is generally not such a credit, and it should not offset your indirect cost pools. Separately, interest expense is generally unallowable under FAR 31.205-20, and imputed cost of money falls under FAR 31.205-10. Confirm all of this with your DCAA cognizant office and government contracts counsel for your specific contract mix. There is real money attached and the answer turns on facts.

Finally, CMMC and cyber requirements increasingly reach into financial systems and payment workflows. Your treasury workstation is in scope whether or not anyone has told you so.

Benchmarks, mistakes and controls

Runway norms, peer positions, recurring mistakes and the controls that stop fraud.

How much runway

The old norm of eighteen to twenty-four months has stretched. Sequoia set twenty-four months as a floor back in 2022. The 2025 Startup Outlook from SVB and HSBC Innovation Banking found that 73% of venture investors raised their minimum runway requirements between 2022 and 2025. Carta's second-quarter 2025 data puts the median gap between funding rounds at 696 days, up 5% year on year, with seed to Series A now running a median 616 days.

For capital-intensive aerospace and defense, plan on twenty-four to thirty-six months. Development cycles are long and government revenue arrives in lumps.

Where your peers actually stand

Company	Cash and investments	As of	Note
Ondas Holdings	approx. \$1.4B including short-term investments	Jun 30, 2026	approx. \$325M deployed on acquisitions early in Q3
Joby Aviation	approx. \$2.3B	Aug 2026	Pre-revenue; heavy certification spend
Archer Aviation	\$1,560.6M	Jun 30, 2026	Q2 revenue \$5.0M; approx. \$156M operating cash use per quarter
Rocket Lab	Bolstered by \$1,512.9M of net ATM proceeds in H1	Jun 30, 2026	approx. \$2.36B backlog; free cash flow positive 2027-28 on analyst estimates
Intuitive Machines	\$367.4M	Jun 30, 2026	Record Q2 revenue \$206M; \$1.8B backlog; building long-lead inventory
AST SpaceMobile	High burn, \$327-427M cited in Q1	Q1-Q2 2026	Q2 revenue \$31.5M; net loss \$230.9M

The pattern repeats across the group. These companies are cash-rich because they raised, not because they earned, and they burn hard. Which tells you exactly what the policy should optimise for. Preservation and liquidity, with months of runway as the governing metric. Yield comes third and it is not close.

The mistakes that keep recurring

- **Single-bank concentration.** The 2023 lesson. Still widely ignored.
- **Chasing yield into credit or duration.** Almost always pitched as prudent diversification.
- **Leaving everything in a zero-rate operating account.** The most expensive item on this list and the easiest to fix.
- **No thirteen-week cash forecast.** Without one, every sizing decision above is guesswork.

- **No investment policy statement.** Your auditor will ask for it. So will IPO diligence. So will your next lead investor.
- **Weak segregation of duties.**
- **Wire fraud and business email compromise.**

Payment fraud is the live threat

That last item deserves its own numbers, because it is the one that actually takes money out of the building.

The FBI's IC3 2025 Annual Report, released April 6, 2026, logged **\$20.877 billion** in cybercrime losses across 1,008,597 complaints, up 26% year on year. Business email compromise ranked second by loss at **\$3.05 billion across 24,768 complaints**, averaging roughly \$123,000 per incident and up from \$2.77 billion in 2024. **Eighty-six percent of those losses moved by wire or ACH**, which is to say quickly, and usually beyond recovery. The AFP's 2025 survey found 63% of organisations faced an attempt.

\$20.9B

Cybercrime losses logged by IC3 in 2025, up 26%

\$3.05B

Business email compromise losses, about \$123K per incident

86%

Of BEC losses moved by wire or ACH

The controls that work are unglamorous and cheap:

- Dual authorisation on every wire above a defined threshold.
- Out-of-band callback verification for any change to payment instructions, placed to a number you already had on file. Never a number supplied in the email.
- Positive pay on cheques.
- ACH debit blocks and filters.
- Dedicated disbursement accounts, structurally separated from reserve accounts.

Forecasting and reporting

The thirteen-week rolling direct-method forecast is the operating standard. The indirect method ties to the profit and loss for longer horizons. Somewhere between \$100 million and \$1 billion of cash, spreadsheets stop being adequate and companies hire a treasurer or a fractional equivalent.

Accounting and optics

Under ASC 320, debt securities land in one of three buckets: held-to-maturity at amortised cost, available-for-sale at fair value through other comprehensive income, or trading. Two consequences deserve attention before you write the policy.

The **cash and cash equivalents** line captures instruments with ninety days or less of original maturity. Push cash into longer securities and your reported cash shrinks, which changes how investors and lenders read your balance sheet. That is a presentation decision with consequences in a live diligence process, and it should be made on purpose rather than by accident.

Second, unrealised losses on available-for-sale securities flow through accumulated other comprehensive income. That is precisely the mechanism that destroyed Silicon Valley Bank once it was forced to sell. Held-to-maturity avoids the mark but locks up your ability to sell. Available-for-sale keeps you flexible and shows every swing. Pick one deliberately.

The honest counterargument

Why working capital beats yield, and why the largest companies prove the point.

Six parts on treasury management, and now the part that argues against most of it.

What yield is worth

Move from a decent posture, everything swept into a government money market fund at roughly 3.3%, to a fully optimised laddered portfolio at roughly 3.9%. That is 40 to 60 basis points.

Investable cash	Annual pickup from full optimisation
\$50M	\$200,000 to \$300,000
\$250M	\$1.0M to \$1.5M
\$1B	\$4M to \$6M

At \$1 billion, the Ondas position, that pays for a separately managed account and a dedicated treasurer without anyone needing to debate it. At \$50 million it is real money that still does not belong at the top of your finance chief's priority list.

What working capital is worth

Now run the other calculation.

Take an aerospace and defense company with \$200 million of revenue, and days sales outstanding running 60 to 90 days against government and prime customers. Improve DSO by **two weeks**. That frees \$200 million multiplied by 14/365, or roughly **\$7.7 million of cash, permanently**.

Between five and thirty-eight times the annual yield pickup, depending on your balance. And it recurs, because you changed the structure rather than catching a one-time break.

None of the mechanisms are exciting. Request the maximum customary progress payment rate on every contract. Invoice cleanly, so invoices do not get rejected and reset the Prompt Payment clock. Invoke FAR 52.232-40 accelerated payments wherever you qualify. Negotiate milestone billing on fixed-price development work so the milestones land before the outflows rather than after them. Dull work. It funds the company.

The ranking

For a scaling aerospace and defense finance chief, in order:

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- 01** **Do not lose the cash.** Multiple banks, custody rather than deposits, government money market funds, a board-approved policy, hardened payment controls. This is a solvency question wearing an optimisation costume.
 - 02** **Shorten the cash conversion cycle and pull government financing forward.** Progress payments, accelerated payment rules, DSO discipline, and non-dilutive facilities arranged before the day you need them.
 - 03** **Then optimise portfolio yield.** It matters. It matters most at the top of the range. It is still third.
-

And the counterargument to the counterargument

There is a fair objection to everything in Part V, and it is worth stating rather than hiding.

What Nvidia, Microsoft and Apple do with working capital, extending terms to customers, financing their own supply chains, escrowing funds against supplier commitments, they do off their own balance sheets. They can afford to be their own bank because of their scale.

You cannot. Which is exactly why the working capital layer has to be engineered deliberately and early, through progress payments, government credit programmes and receivables facilities, instead of assumed into existence. The largest companies turned their balance sheets into financing instruments. Everyone else has to assemble the equivalent out of contract terms and third-party capital, and the companies that start that work before they need it are the ones still standing when the milestone slips.

What to do on Monday

Ten actions, in order. Start with the sweep and the second bank.

Any scale, this quarter

- 1 Adopt a board- or audit-committee-approved investment policy statement, with preservation of principal at the top of the objectives hierarchy.
- 2 Sweep idle operating cash out of zero-rate accounts and into a government money market fund.
- 3 Open a second banking relationship, plus a tested escape-hatch payroll account.
- 4 Turn on dual authorisation, out-of-band callback verification, positive pay and ACH debit blocks.
- 5 Build or repair the thirteen-week rolling cash forecast. Every decision above depends on it.

Escalation triggers. If any single bank holds more than about one quarter of operating needs on an uninsured basis, diversify now. If sustained balances pass \$100 million, or an IPO comes into view, move to custody and formalise treasury reporting to the audit committee.

- 6 Map every contract's progress payment and performance-based payment terms, then request the maximum customary rate.

- 7 Rebuild the cash forecast on observed DFAS and prime payment timing rather than contractual terms.

- 8 Pursue accelerated small-business payments under FAR 52.232-40 wherever you qualify.

- 9 Evaluate Office of Strategic Capital credit, SBIR/STTR, OTA awards and receivables financing before the next dilutive round.

- 10 Confirm with your DCAA cognizant office how investment income and cost of money are treated across your contract mix.

Start with the sweep and the second bank. Both can be done this week, and together they close the two failure modes that actually end companies: earning nothing on the money, and losing access to it.

Sources and caveats

Composition and coverage figures for the twenty-one large-cap companies come from primary SEC filings, with as-of dates spanning February 28, 2026 to July 31, 2026. They are set out in full in the companion analysis, *Where Corporate Cash Actually Sits*.

Ondas Holdings. The figure of approximately \$1.4 billion in cash, cash equivalents, restricted cash and short-term investments is as of June 30, 2026, per the Q2 2026 Form 10-Q and results release. That is materially above the \$1 billion sometimes quoted. Roughly \$325 million was deployed on the DZYNE and Cyberhawk acquisitions early in the third quarter, so the live balance is lower.

Astra. Astra Space Inc. was taken private in 2024 by its founders, at \$11.25 per share, after repeated launch failures. A Reuters report dated August 14, 2026 states that Astra is *seeking* to raise \$250 million at approximately a \$1 billion valuation, in a round the chief executive expected to close that quarter. That is a reported target, not a confirmed closing. Astra is private, files no public financials, and its current cash balance cannot be verified from public sources.

Peer table. Kratos, AeroVironment, Planet Labs, Firefly Aerospace, Anduril, Palantir, Karman Holdings, Loar Holdings and Voyager Technologies were not verified against fresh filings and are omitted. Some figures in the peer table come from press coverage of filings rather than the balance-sheet line itself, and should be tied to the specific 10-Q line before external use.

Rates and pricing. Deposit rates, separately managed account fees and non-dilutive financing pricing all vary by institution, balance and credit, and none were independently verified for a specific provider. Treat every range as indicative. Rate and yield figures are as of late August 2026.

Regulatory figures. Progress payment rate deviations and the Prompt Payment interest rate change periodically. The 4.75% figure applies to July through December 2026. Verify current status before relying on either.

Prime payment terms. Only Boeing's 120-day standard is publicly documented. Lockheed Martin, RTX, Northrop Grumman and General Dynamics negotiate per purchase order and publish nothing.

Cost accounting. The reading that investment income does not offset allowable indirect costs under FAR 31.201-5 is this document's interpretation. Confirm it with a DCAA cognizant office and government contracts counsel for your specific contract mix.

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