



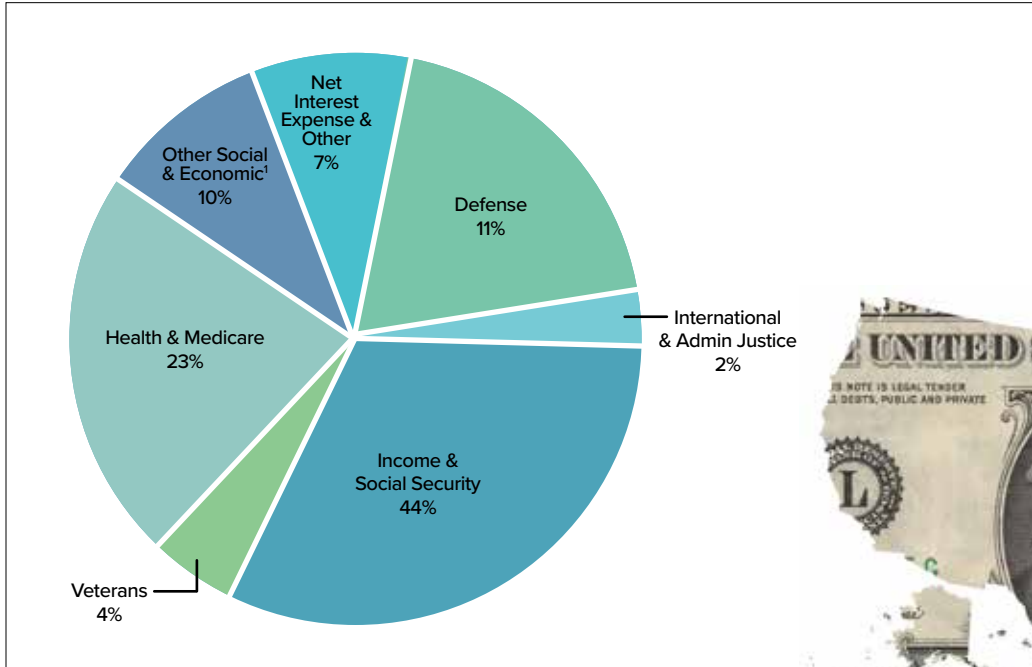
U.S. DEFENSE & INTELLIGENCE BUDGETS

Presented by
Corporate Office
Properties Trust

UPDATED MARCH 2022

Total U.S. Federal Budget*

⊖ Spending on national defense represents 15% of the federal budget

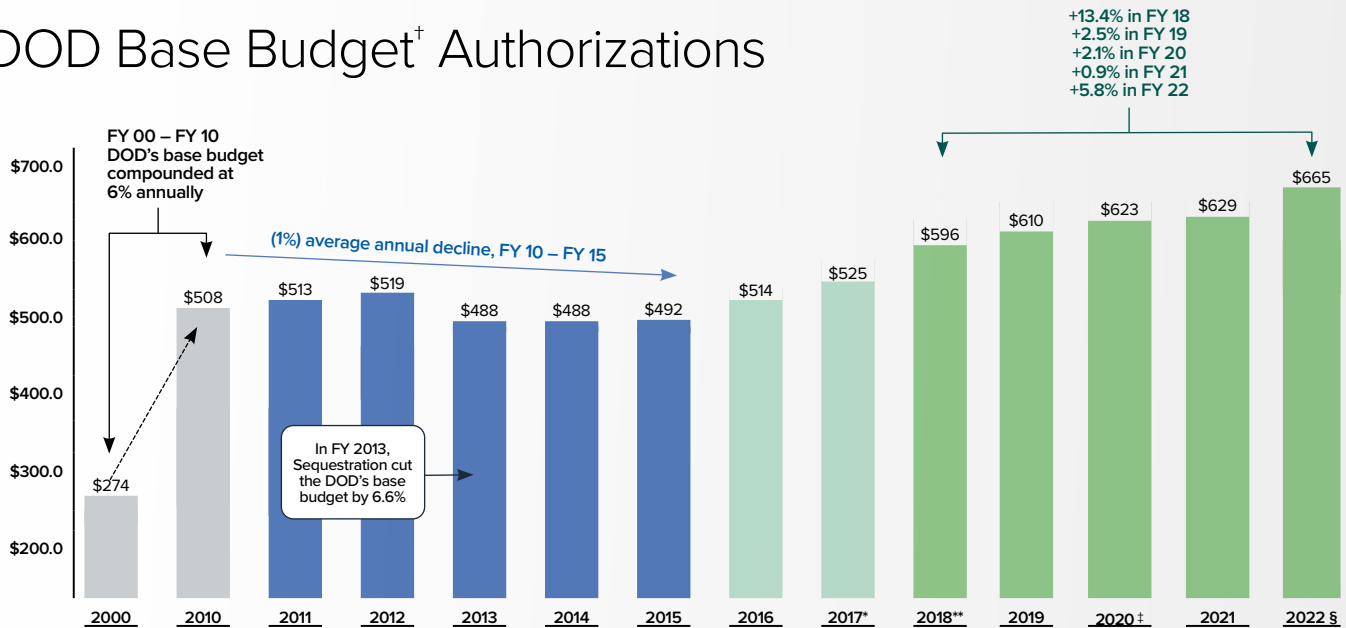


*Source: Table 1-4: FY 2021 Federal Unified Budget – Budget Authority by Function (FY 2022 “Green Book”)

¹This category includes General Science, Space & Technology (250), Energy (270), Natural Resources and Environment (300), Agriculture (350), Commerce and Housing Credit (370), Transportation (400), Community and Regional Development (450), and Education, Training, Employment and Social Services (500).



DOD Base Budget[†] Authorizations



Current dollars, in billions.

Sources: Historical data through FY 2016 are pulled from Tables 1-9 and 2-1 of the National Defense Budget Estimates (“Green Books”); data for FY 2017-FY 2019 are pulled from Tables 1-2 and 2-1 of the FY 2021 Green Book; Capital Alpha Partners; COPT’s IR Department

[†] DOD base budget (051) numbers exclude funding for overseas contingency operations (“OCO”), Atomic Energy Defense Activities (053), Other Defense-Related Activities (054), and mandatory spending. The above also excludes MILCON authorizations.

* FY 2017 includes \$8.25 billion of “OCO for base budget purposes.” Source: CRS report on final authorizations.

** FY 2018 includes \$5.8 billion of supplemental authorizations for Missile Defense.

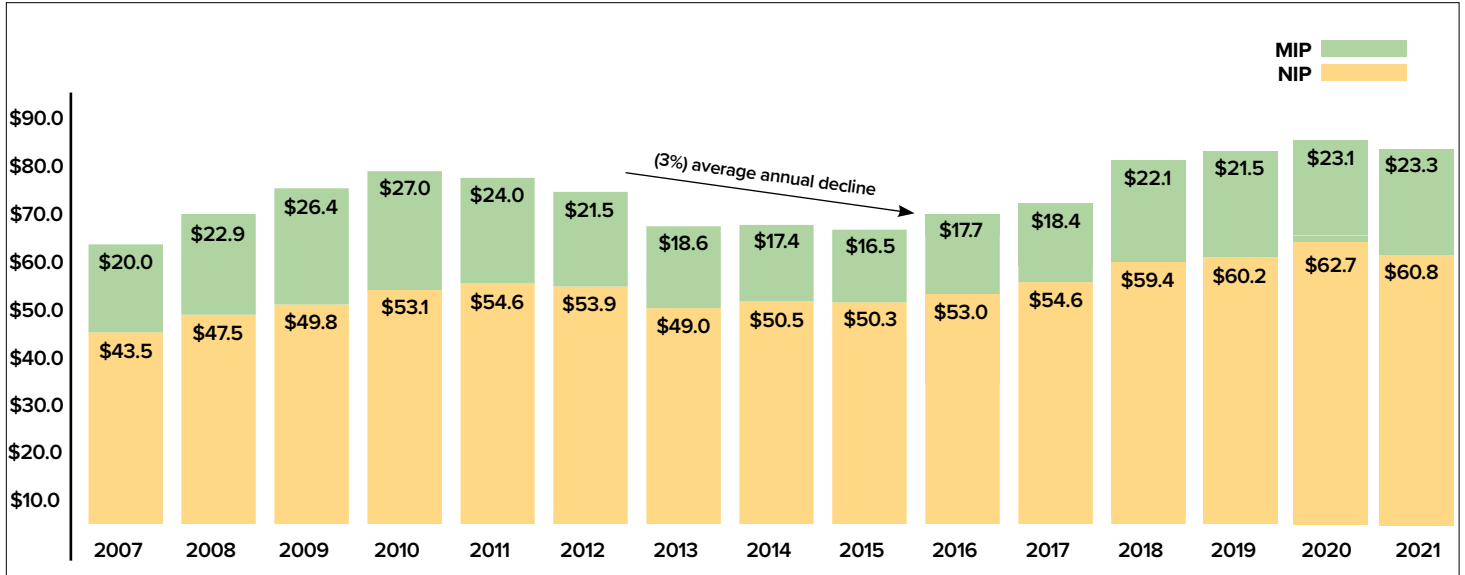
‡ FY 2020 excludes \$8 billion in emergency relief funds authorized to combat the COVID-19 pandemic.

§ Estimated, using the FY 2022 National Defense Appropriations Act.

Intelligence Community (“IC”) Budgets

- After five years of 3% average annual reductions between 2011–2015, spending on National and Military Intelligence Programs (“NIP” and “MIP,” respectively) stabilized and increased an average of 4.3% annually until declining 2% in FY 2021.
- NIP funds IC programs and projects that support strategic needs of decision makers.
- MIP funds defense intelligence activities that support operational and tactical intelligence operations.

INTELLIGENCE COMMUNITY BUDGETS



Current dollars, in billions.

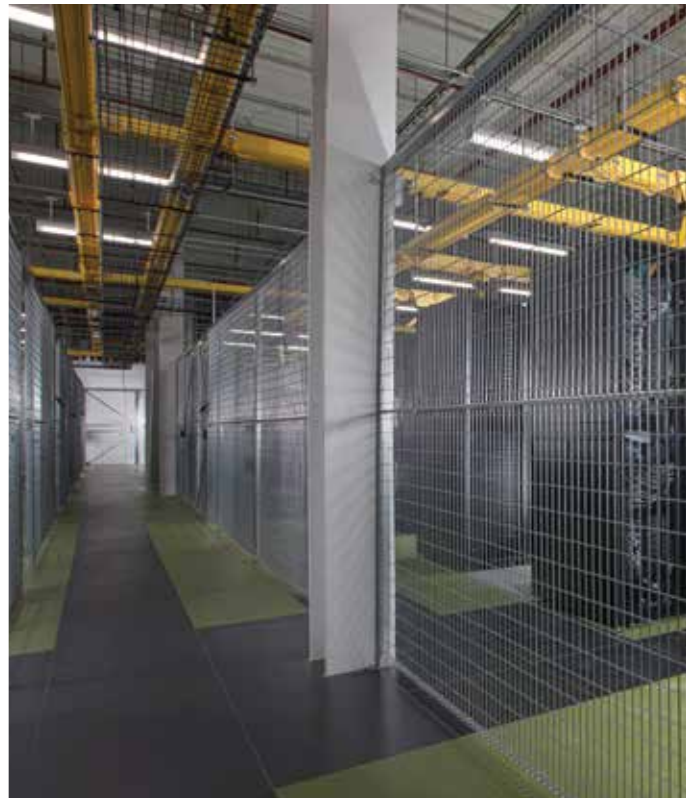
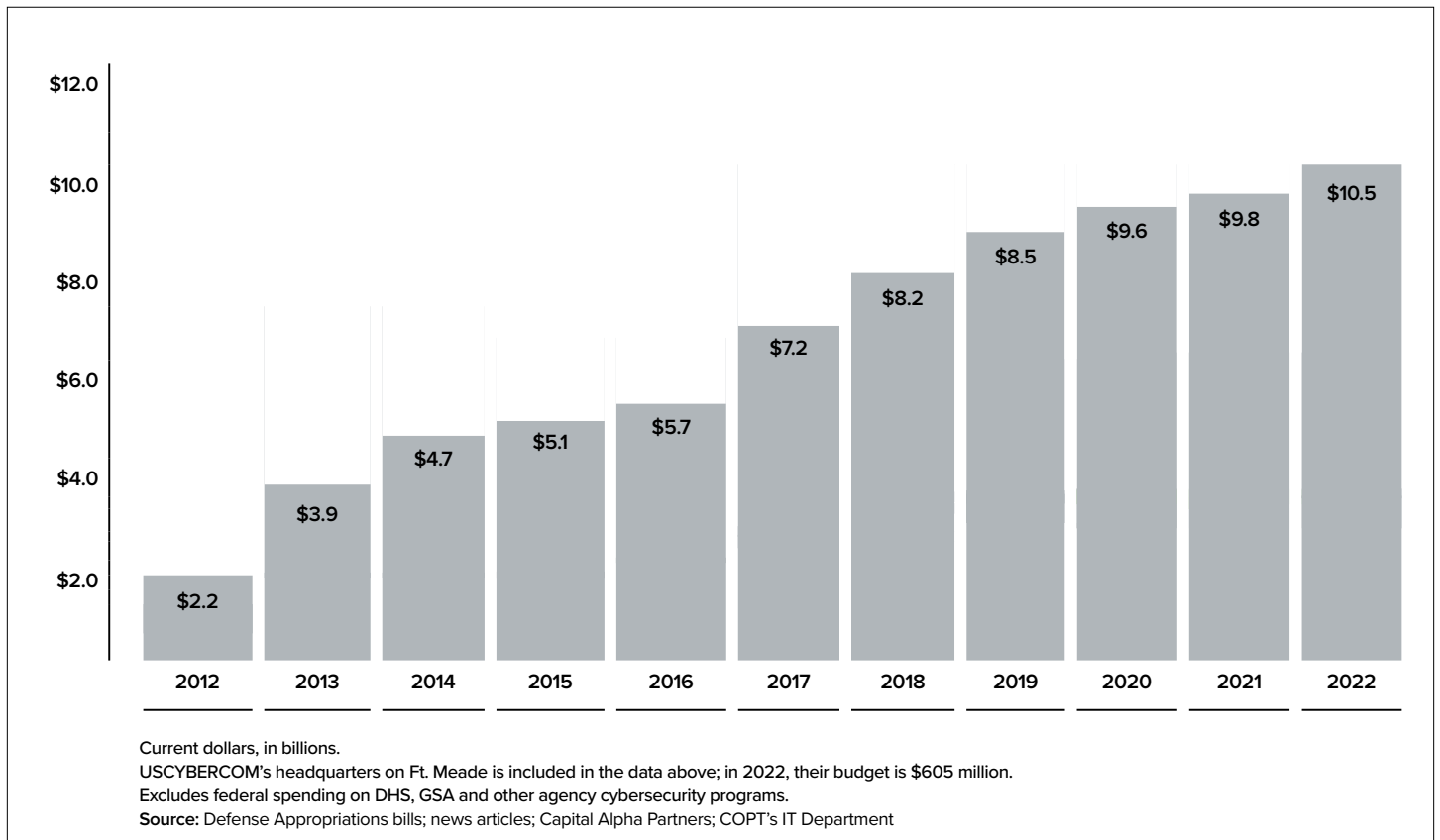
Source: Office of the Director of National Intelligence (www.dni.gov), the DOD (www.defense.gov), and COPT IR Department



DOD Cybersecurity Funding Forecasted to Increase

- Since 2012, the DOD's cybersecurity budget has grown at a compound annual rate of 15%
- In fiscal 2022, the \$10.5 billion budget represents a 7% increase over fiscal 2021

DOD CYBERSECURITY BUDGETS

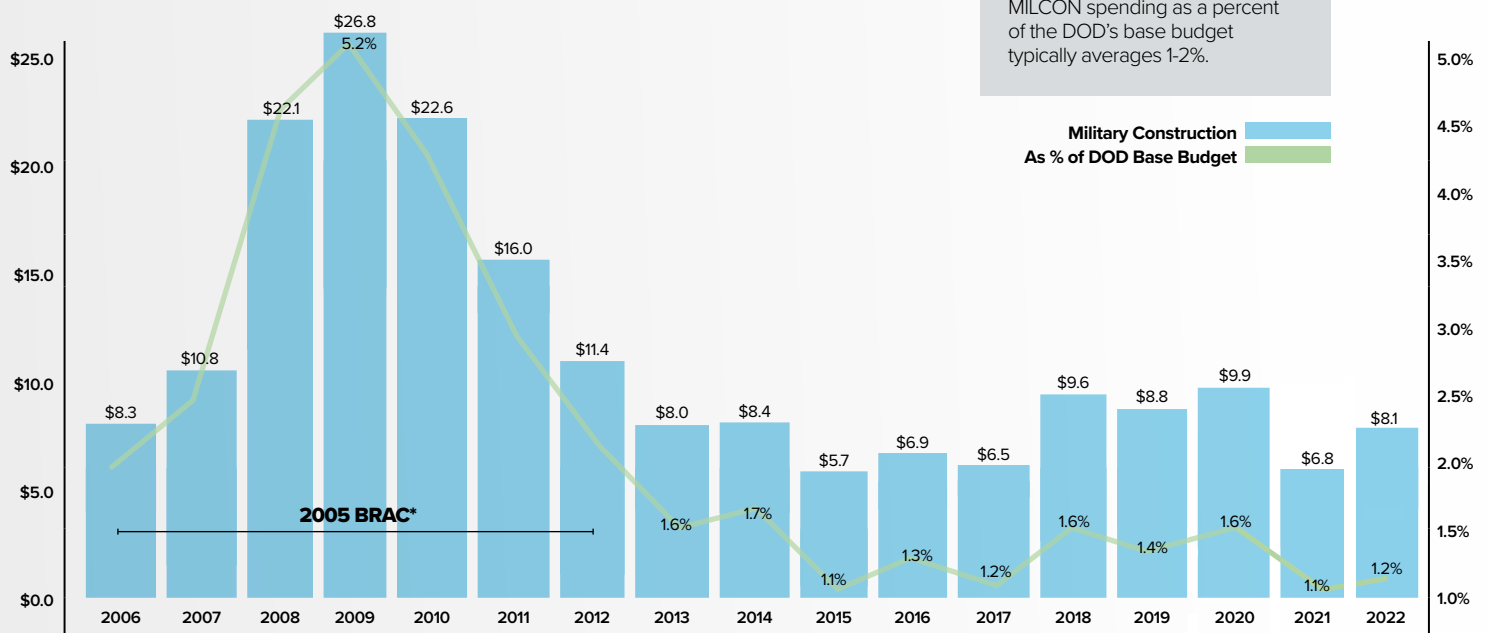




MILCON Budgets

- ⦿ The military construction (“MILCON”) budget is appropriated separately from the DOD’s budget, but is reported in annual NDAA’s and Green Books as part of the DOD’s 051 budget, before overseas contingency operations (OCO) spending.
- ⦿ MILCON spending peaked in FY 2009 at \$26.8 billion, or 5.2% of the 051 budget. The 2005 Base Realignment and Closure (“BRAC”) moves drove elevated MILCON spending from 2006–2012.
- ⦿ MILCON spending, which is spread across all U.S. defense installations worldwide (nearly 5,000 sites), has averaged 2% of the DOD’s 051 budget (before OCO) since FY 2000. Post 2012, it has averaged 1.4%.

MILITARY CONSTRUCTION APPROPRIATIONS



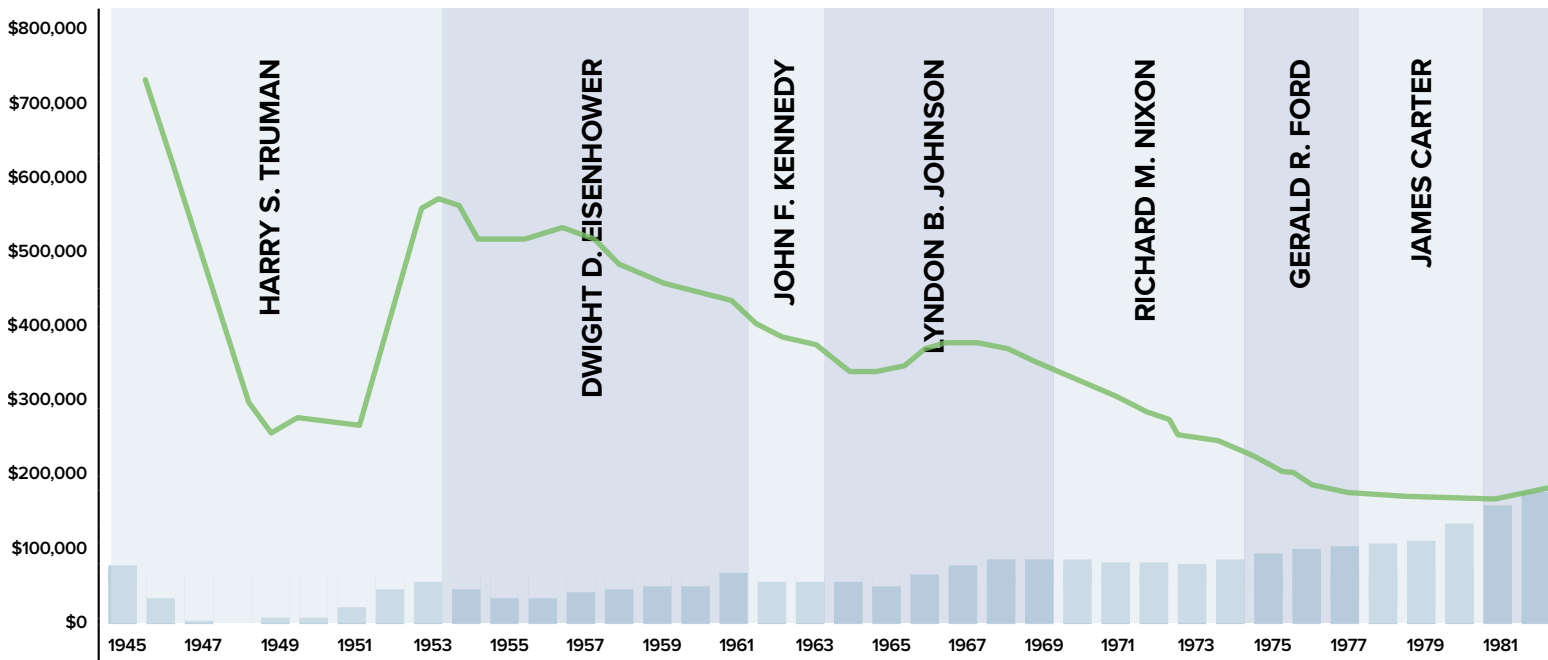
Current dollars, in billions.

Source: National Defense Authorization Acts; COPT’s IR Department

* Please refer to our “BRAC Overview” in the ‘COPT Research’ section of investors.copt.com



National Defense Outlays as a Percent of Total Federal Outlays, by Presidential Administration



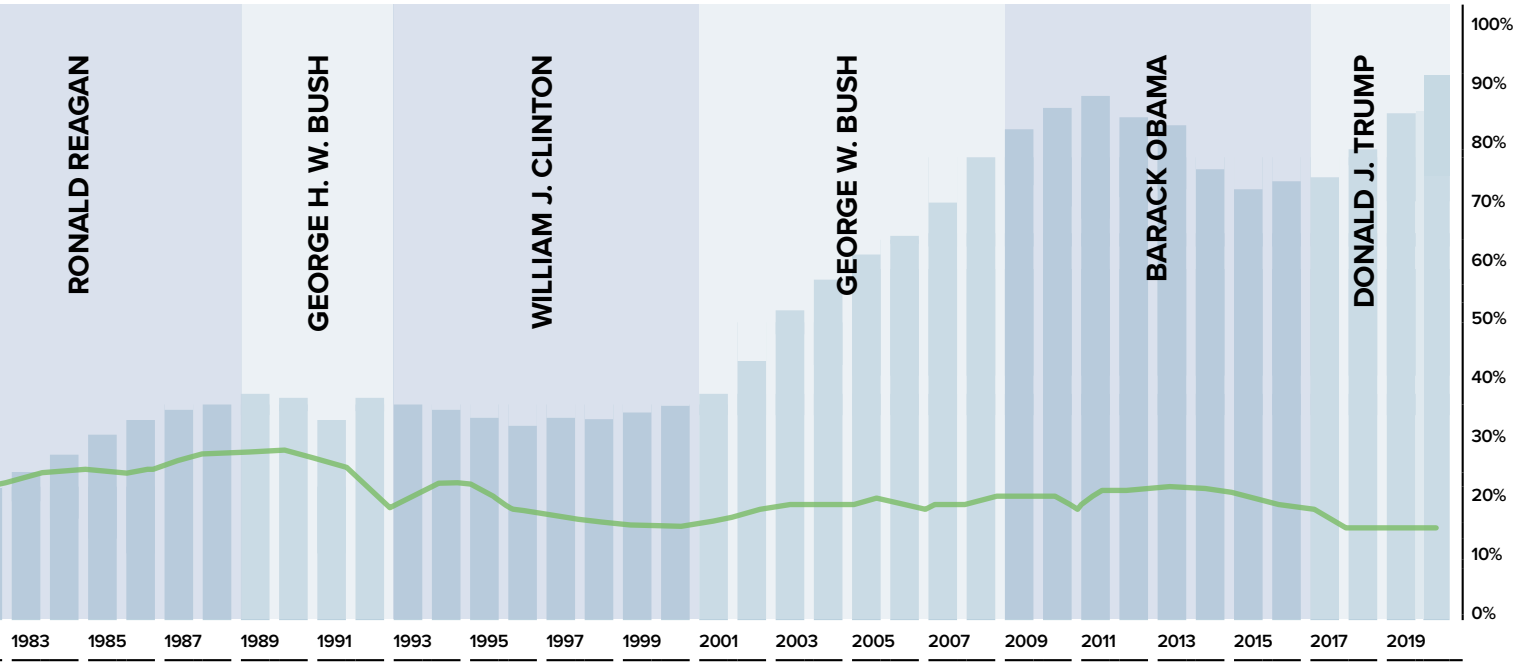
Current dollars, in millions.

Source: Table 7-1: (Total Federal Outlays from the National Defense Budget Estimates) in the Treasury's "Green Books."

*National Defense (function 050) is comprised of DOD Military (subfunction 051, a.k.a., the Base Budget), Atomic Energy Defense Activities (subfunction 053), and Defense-Related Activities of other federal agencies (e.g., the Department of Justice) (subfunction 054). National Defense does not include Overseas Contingency Operations ("OCO") used to fund wars and military actions on foreign territory.



National Defense* █
 As % of Total Federal \$ █





Defense Spending Since 1945

U.S. PRESIDENT	ENTERED OFFICE	LEFT OFFICE	CAGR IN DEFENSE SPENDING	MILITARY CONFLICT		
Franklin D. Roosevelt	Mar-33	Apr-45	--	World War II, Sept-1939 - Sept-1945		
Harry S. Truman	Apr-45	Jan-53	-4.9%	Korean War, Jun-1950 - Jul-1953		
Dwight D. Eisenhower	Jan-53	Jan-61	-0.7%	Cold War, 1947–1991		
John F. Kennedy	Jan-61	Nov-63	3.8%			
Lyndon B. Johnson	Nov-63	Jan-69	6.4%			Vietnam War, ¹ 1964–1973
Richard M. Nixon	Jan-69	Aug-74	-0.6%			
Gerald R. Ford	Aug-74	Jan-77	5.2%			
James Carter	Jan-77	Jan-81	10.1%			
Ronald Reagan	Jan-81	Jan-89	7.6%			
George H. W. Bush	Jan-89	Jan-93	-0.8%	Gulf War, Aug. 1990–Feb. 1991		
William J. Clinton	Jan-93	Jan-01	0.5%			
George W. Bush	Jan-01	Jan-09	9.0%			
Barack Obama	Jan-09	Jan-17	-1.0%	Global War on Terror, Oct. 2001–TBD	War in Afghanistan, Oct. 2001–Feb. 2020 ²	Iraq War, ³ Mar. 2003–Dec. 2011
Donald J. Trump	Jan-17	TBD	5% expected			

Source: WhiteHouse.gov

1. The Vietnam War lasted from Nov-1955–Apr-1975. U.S. was involved from 1964 through 1973.

2. The U.S. and the Taliban signed a peace deal on February 29, 2020, conditional upon U.S. troop withdraw within 14 months.

3. Also known as the Second Gulf War.



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