

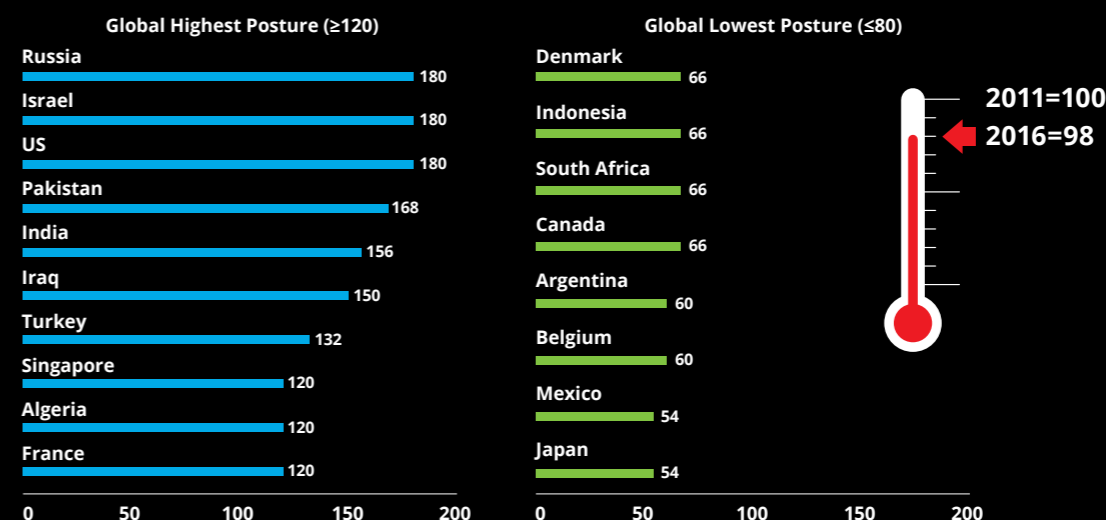
Global Defense Outlook 2016

Shifting Postures, Emerging Fault Lines

Moderating defense postures...

- Defense Posture Index (DPI) down from **100 to 98** globally from 2011-2016.
- Since 2011 only seven nations in the Top 50 raised their defense posture. All are in Africa, Asia-Pacific and the Middle East.
- These seven growing DPI nations are expected to spend a total of \$116B on defense in 2020¹, or seven percent of the total Top 50 spenders.
- In contrast, 42 nations including China, Russia and the US maintained or lowered their defense postures. These 42 nations are expected to spend over \$1,400B on defense in 2020.
- **92 percent** of the global defense budget is owned by nations which have moderated their defense postures since 2011.

Defense Posture Index By Country 2016 Global Average = 98



...but increasing global tensions on Five Fault Lines

Russia/NATO

- 1 US Armored Brigade in Poland.
- The US increased its presence in Eastern Europe by **250 armored vehicles** and self-propelled artillery and **4,200 soldiers**.

- 3 Russian Divisions in Western Military District.

China/Pacific States

Naval budgets are projected to grow by more than **60 percent** above their 2011 levels by 2020 due to naval construction programs.

- 30 new Chinese submarines
- 48 new Indian naval vessels

States/Terrorists

92 percent of terrorist attacks and fatalities from 2005-2014 occurred in Africa, the Middle East and South Asia.

836 percent increase in terrorist attacks in Sub-Saharan Africa (2005-07 vs. 2012-14).

144 Persistent terrorist groups in 2012-14, which has **doubled** compared to 2005-07.

Mature/Emerging Nuclear Powers

9 Nuclear powers

- 5 Key Nuclear Security agreements

No agreements signed by all 9 nuclear powers

Cyber Top Targets

43% increase in average global vulnerability to cyberattack 2010-14.

“Cyber Top 10” are **6x more vulnerable** to cyberattack than the ten least vulnerable Top 50 countries.