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NOMINATION OF LEON PANETTA TO BE DIRECTOR, CENTRAL INTELLIGENCE AGENCY

HEARINGS

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

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NOMINATION OF LEON PANETTA TO BE DIRECTOR, CENTRAL INTELLIGENCE AGENCY

THURSDAY, FEBRUARY 5, 2009

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to notice, 2:34 p.m., in Room SDG–50, Dirksen Senate Office Building, the Honorable Dianne Feinstein (Chairman of the Committee) presiding.

Committee Members Present: Senators Feinstein, Rockefeller, Wyden, Bayh, Mikulski, Feingold, Nelson of Florida, Whitehouse, Levin, Bond, Hatch, Snowe, Chambliss, Burr, Coburn, and Risch.

OPENING STATEMENT OF HON. DIANNE FEINSTEIN, CHAIRMAN, A U.S. SENATOR FROM CALIFORNIA

Chairman FEINSTEIN. The hearing will come to order.

The Senate Select Committee on Intelligence meets today to consider the nomination of Leon Panetta to be Director of the Central Intelligence Agency. I'd like to proceed in this way: I'll make a short opening statement and then turn to the Vice Chairman to make his statement. We will then use the early bird rule—and I'm glad the early birds are here—for five-minute rounds of questions and have a second round, if needed.

Now, we're due to have a whole series of stacked votes on the stimulus, the latest report is, beginning around 3:30. We have called and asked to please delay that. If it's possible to delay to 4:30—perhaps the staff could call again—we might be able to get through the hearing. What worries me is, when they're stacked votes—and they're 10-minute votes—it's difficult for Members to get back. So we'll just have to be a little flexible, Mr. Panetta, as we move around.

I'd like to welcome President Obama's nominee to be the Director of the Central Intelligence Agency. Senator Boxer was going to be here to introduce him, but cannot due to another pressing commitment with the Majority Leader.

So I would like to combine with my statement with a brief introduction of Mr. Panetta. He was born in Monterey, California. His parents, Carmelo and Carmelina, ran a local cafe and later purchased a walnut ranch, which he still owns.

He majored in political science at Santa Clara University, where he graduated Magna Cum Laude in 1960. In 1963, he received his J.D. from Santa Clara University as well. After law school, he served in the United States Army from 1964 to 1966 and attended the Army Intelligence School. In 1966, Mr. Panetta joined the

Washington, D.C., staff of Republican Senator Thomas Kuchel of California.

In 1969, he served as Director of the Office of Civil Rights in the Department of Health, Education and Welfare in the Nixon Administration. From 1970 to 1971, he worked as executive assistant to New York City Mayor John Lindsay. Afterwards, he returned to Monterey, to private law practice. In 1976, he ran and won election to the United States House of Representatives, and he served in that house for 16 years. During that time, he also served as Chairman of the Budget Committee.

In 1993, he joined the Clinton Administration as head of the Office of Management and Budget. In July, 1994, Mr. Panetta became President Clinton's chief of staff. He served in that capacity until January of 1997, when he returned to California and founded and led the Leon and Sylvia Panetta Institute for Public Policy at California State University at Monterey Bay. Mr. Panetta and his wife, Sylvia, have three sons and five grandchildren.

It's very safe and fair for me to say that he has a reputation for intelligence and integrity. And that, certainly, has been my personal experience with him, as well. In speaking with President Obama and Mr. Panetta multiple times, I am convinced that Mr. Panetta will surround himself with career professionals, including Deputy Director Steven Kappas. I know Mr. Panetta has immersed himself in CIA matters since being nominated, and his top priority, if confirmed, will be to conduct a complete review of all of the Agency's activities.

Moreover, I strongly believe that the CIA needs a Director who will take the reins of the Agency and provide the supervision and oversight that this agency, which operates in a clandestine world of its own, must have. President Obama has made clear that a selection of Leon Panetta was intended as a clean break with the past, a break from secret detentions and coercive interrogation, a break from outsourcing its work to a small army of contractors, and a break from analysis that was not only wrong, but the product of bad practice, that helped lead our nation to war.

President Obama said, when announcing this nomination, that this will be a CIA Director "who has my complete trust and substantial clout." Now, this is a hugely important but difficult post. The CIA is the largest civilian intelligence agency with the most disparate of missions. It produces the most strategic analysis of the intelligence agencies, and it is the center for human intelligence collection.

It is unique in that it carries out covert action programs implementing policy through intelligence channels. And so the committee's job is clear—to make sure that Leon Panetta will be a Director that makes the CIA not only effective in what it does, but also makes sure that it operates in a professional manner that reflects the true values of this country.

I am encouraged by our conversations and with your responses to the prehearing questions, Mr. Panetta. You made clear that you will provide independent and unvarnished advice to the President and policymakers. You describe the lessons learned from the 2002 National Intelligence Estimate on Iraq's weapons of mass destruction. You pledged to review the CIA's over-reliance on contractors

and not to use contractors for interrogation. Very importantly, you explain the obligation to keep Congress fully and currently informed, and your view that this should apply to the entire committee, not just the Chairman and the Vice Chairman.

And, as a long-standing member, or just a member, of this committee, I really appreciate that. The responses to all of our prehearing questions will be posted on the committee's Web site today.

I now turn to the Vice Chairman for his opening statement before having Mr. Panetta give his opening statement as well.

[The prepared statement of Senator Boxer follows:]

PREPARED STATEMENT OF THE HON. BARBARA BOXER

Good morning Chairman Feinstein, Vice Chairman Bond, and members of the Committee.

Thank you for giving me the opportunity to introduce my former colleague and fellow Californian, Leon Panetta, President Obama's nominee to be the Director of the Central Intelligence Agency.

Leon Panetta is a person of vast experience and integrity.

If President Obama wants to build a spirit of trust and accountability in the Central Intelligence Agency, he has picked exactly the right person.

Mr. Panetta brings to this post decades of public service and the respect of countless individuals in Congress, the Executive Branch, and throughout America.

Mr. Panetta was born in the beautiful city of Monterey, California. His parents were immigrants, and he went on to earn both his bachelor and law degree from Santa Clara University, and later serve in the United States Army.

After coming to Washington in 1966, Mr. Panetta rose to become the Director of the U.S. Office for Civil Rights where he passionately fought for the desegregation of public schools.

I saw him bring that same passion to his work as a Member of the House of Representatives, where I am proud to have served with him. I will never forget his successful effort to establish the Monterey Bay National Marine Sanctuary, which preserved this vital coastal resource for generations to come.

And I will also never forget that it was Leon who worked with me on the first ever funding to fight AIDS.

As we all know, his commitment to public service continued after he left Congress. As the Director of the Office of Management and Budget under President Clinton, Mr. Panetta learned the intricacies of the federal budget process and, most importantly, how to effectively set and manage a budget.

If confirmed, this knowledge will serve him particularly well.

As President Clinton's White House Chief of Staff, he engaged the highest levels of the U.S. intelligence community on our nation's most important national security issues.

And as a member of the highly respected Iraq Study Group, Mr. Panetta served with Secretary James Baker and former Representative Lee Hamilton to formulate bipartisan recommendations for a way forward in Iraq.

Mr. Panetta's record speaks for itself. He knows how to get things done in this town.

Perhaps most important, I know that Mr. Panetta will tell President Obama not what he wants to hear, but what he needs to hear. President Obama has made it clear that intelligence should be used to make good policy, not to sell bad policy.

I am also confident that as the Director of the CIA, Mr. Panetta will work to restore the standing of the United States in the world.

He has already taken a step in that direction by unequivocally condemning the use of torture.

So Madam Chairman, as you can see, I am very pleased to introduce Mr. Panetta, and know that he will work to defend our country from threats, while upholding our values.

I hope that he will get a favorable vote from your committee.

Thank you.

OPENING STATEMENT OF CHRISTOPHER S. BOND, VICE CHAIRMAN, A U.S. SENATOR FROM MISSOURI

Vice Chairman BOND. Thank you very much, Madam Chair and Mr. Panetta.

We welcome you here today for this hearing. We have had pleasant working relationships during the 1990s—not always agreeing, but certainly very forthright and direct. The CIA is an important player in our national security, and to be nominated for that position is a great honor.

There's been some commentary on it in the past few weeks, and today you'll have the opportunity to respond to some of the concerns that have been raised about your position and to describe your vision for the CIA.

I've had constructive meetings with you over the past few weeks, and I have the confidence that you have the drive and the focus for a tough assignment like this, and I thank you for your willingness to serve.

That said, many were surprised by your nomination, because many of us believed that the next CIA Director should have a professional intelligence background. And this raises a number of questions which we've discussed before and I will raise again today. First, I want to hear your understanding of the CIA and the vision for it and its role in the 21st-century operations under the authority of the DNI.

I have questions concerning your views on various intelligence disciplines and a number of threats, as well as resource decisions for the Agency. As all American people expect us to serve above reproach, we'll ask some questions about your financial background so that we can assure people there's no counterintelligence concern for the nation and to make sure there are no financial surprises awaiting discovery. I know you said you're more than willing to do that, and I think the American people want to hear it.

Finally, I'm interested in the quality of individuals you'll surround yourself with in this position. I was disappointed very recently to hear a rumor, confirmed by the DNI, that he's asked someone to serve in a sensitive position on an advisory panel. That person had a questionable record on intelligence activities and possible damage to national security. I spoke with the DNI yesterday and informed him that, while he had authority to make those decisions, I don't think that it should go unnoticed.

As I recently said to Director Blair on the broader issue, your nomination and his come at an important time in our nation's history, as we continue to face threats of many different kinds, foremost among them, of course, the threat of terrorism. In the aftermath of 9/11, we learned many things about ourselves and the state of intelligence community information. There have been many changes in statute and in practice since then, but weaknesses remain.

And one of the most glaring examples is the IC's failure to assess properly the state of Iraq's WMD programs. Your previous statements about the failures make it clear that you have not been fully briefed on this Committee's findings that were unanimously reported in our extensive, two-year review of the failures that we call

our phase one prewar intelligence assessment on Iraq, and I hope, if you have not, you will read these findings carefully.

The flawed intelligence resulting from that failure was a significant factor used by all policymakers in the decisions about Iraq. We have to ensure that failures of this magnitude do not recur. The American people spend a lot of money and trust their security to the IC, and I think we all deserve better.

Now, the role of the Director has changed since September 11th, since the passage of the Reform Act and Congress created the DNI with a strong sense that the IC lacked clear direction.

There was also a consensus that the old DCI position was too big a job for one person and, in my opinion, one of the primary advantages of creating a DNI was to allow the Director of the Central Intelligence Agency to focus on the Agency's mission. For too many years we've had turf battles and power struggles as individual agencies and departments tried to protect their own piece of the pie and their budgets. I hope with your cooperation we can make these destructive battles a thing of the past.

It's our expectation that when confirmed you will give your full support to the DNI. This doesn't meant there won't be honest disagreements or vigorous discussions, which we would hope would occur, but at the end of the day the DNI has to be the sole leader.

Two weeks ago President Obama issued a series of Executive Orders relevant to the CIA's interrogation and detention program. I have some concerns about the impact of these opinions and will be interested to hear your thoughts on the impact on the CIA's intelligence collection capabilities and how you intend to implement them.

They appear to suspend, at least temporarily, an interrogation program that's helped us prevent further attacks on our homeland. It makes it even more imperative that the CIA improve its capabilities in other areas, including human or HUMINT collection, as we refer to it in the trade, along with covert action and covert influence.

I also am interested in hearing more from you about extraordinary renditions. That's a rendition of someone to another country. These practices started well before the September 11 attacks and I would like to discuss some of those with you today.

I'm sure, too, that past and present Agency employees will be eager to hear whether you share Speaker Pelosi's opinion that certain people associated with the CIA interrogation program should be prosecuted. The Agency and the IC as a whole also must find ways to hire and retain qualified linguists in critical language areas. It does us no good to collect information if we can't translate it or use it. Given your background in management, I'm interested in your thoughts on what you would do to make these career paths more appealing or to bring people with those skills into the Agency.

I hope, too, you will use your management experience to address a longstanding problem that has concerned many of us. I believe that over that past several years there has been an unreasonable reluctance to hold CIA employees accountable for poor performance or bad judgment. In some cases—and I'll go into specifics in another setting—these individuals have been promoted or otherwise rewarded. I conveyed this sentiment to Mr. Hayden and Mr.

Kappes on several occasions because I believe the practice is unacceptable. And I believe from our previous discussions you would agree.

The committee has adopted a provision I sponsored and I hope will become law in the near future to give the DNI the authority to conduct accountability reviews of any element in the IC and its personnel in relation to a failure or a deficiency. Now, giving the DNI authority to step in I hope will encourage accountability and good practices.

Mr. Panetta, I would expect you as the Director to give your full support to the DNI if and when he must implement that authority so we can send a clear message that poor performance will not be necessary. But I hope it would not be necessary under your watch.

With regard to intelligence experience, I encourage you to jump in with both feet and make frequent trips away from Langley. I have been in a lot of hearings and had lots of wonderful meetings at Langley, but I find out that unless you go out and see what they're doing in the field you really don't understand it and too often your views are clouded by a bureaucracy naturally existing in any large organization's headquarters.

I understand that you'll be retaining some current high-level officials and clearly they'll be familiar with the Agency and its work, but there's a concern they may be too familiar with it. I have heard some colleagues talk about how important it is to keep the old guard in your corner, but I for one would hope you would bring the changes we need in the institution and not be totally beholden to the old guard.

Further, a recurring criticism of the Agency is it tends to be risk-averse and insular. You may or may not find this to be the case. In any case, I urge you to look for fresh ideas instead of the status quo and encourage perspectives instead of headquarters-centric bureaucracy.

Madam Chair, there's a lot of ground to go over today. I hope we can fit it in. It will depend on the floor schedule. I want to move this process along, but we do need to have thorough hearings. Mr. Panetta, we look forward to hearing your views on the direction for the CIA and its programs as we fight to keep our nation and families safe from attack.

As the Chair indicated, you have a long and distinguished career of service to the nation. I congratulate you on your nomination and look forward to your testimony.

Chairman FEINSTEIN. Thank you very much, Mr. Vice Chairman. Mr. Panetta.

STATEMENT OF LEON PANETTA, DIRECTOR-DESIGNATE, CENTRAL INTELLIGENCE AGENCY

Mr. PANETTA. Thank you very much, Madam Chairman, Mr. Vice Chairman and members of the Intelligence Committee. I am honored to appear before you as the President's nominee to lead the Central Intelligence Agency. Let me, Madam Chairman, ask that my statement be made part of the record and I'd like to summarize it if I could.

Chairman FEINSTEIN. Without objection.

Mr. PANETTA. Thank you.

I want to begin by thanking the President for placing his confidence in my ability to run this critical agency during a time of great peril but also of great opportunity. In particular, I want to thank you Madam Chairman, Mr. Vice Chairman and all of the members of the committee for the time that you spent with me over the past few weeks and for agreeing to serve as the overseers of our nation's intelligence services.

And, of course, I could not have served in public life for 40 years without the love and support of my family, in particular my wife of 46 years, Sylvia, and our three sons. She regrets not being able to be here, but she now has sole responsibility for running the Panetta Institute.

In preparing for this day, I had the opportunity also to talk with all of the former Directors of the CIA. They gave me excellent advice and shared many lessons. I especially enjoyed talking to former President George Bush, who ran the CIA and later, obviously as President, become one of its important consumers. All of them told me to listen carefully to the professionals in the Agency but also to stay closely engaged with the Congress. And if confirmed that's exactly what I intend to do.

The CIA is on the front lines in the effort to defend this nation. It's a professional organization. It is comprised of dedicated women and men whose service to America, out of necessity, often is unrecognized and unacknowledged. At this hour, there are CIA officers who are living in the most isolated corners of the globe; they're serving away from their families; they're often undercover, sometimes under fire. There aren't any marching bands to trumpet their valor and there are no monuments to mark their valor—just the quiet dedication to the mission.

My youngest son, who just completed a tour of duty in Afghanistan as a naval intelligence officer, described CIA officers as silent warriors and I think that's an apt description.

When President Obama asked me to lead this organization, he said he wanted somebody he could trust, who was independent and who would call them as he sees them—someone who would tell policymakers what they needed to know, not what they wanted to hear, and someone who knew how to get things done in a bipartisan and professional manner.

What are the qualities I bring to this job? In a word, 40 years of experience at key levels of government. As mentioned by Madam Chairman, I began my public service career in the Army as an intelligence officer and received the Army Commendation Medal for my services as an intelligence operations officer. Over the decades, I worked as a legislative assistant to a U.S. Senator, headed the U.S. Office for Civil Rights, served in Congress for 16 years, much of that as Chairman of the House Budget Committee, led a large and professional federal agency, the Office of Management and Budget, and served as White House chief of staff.

At OMB, I was responsible for the federal budget, including the funds spent on intelligence activities, those involved with clandestine intelligence activities as well as covert actions.

In Congress, obviously, I received a great deal of briefings on intelligence, as many as you do and many of you did that were my colleagues in the House. And at the White House, I participated in

the PDB briefings, all of the intelligence briefings with the President, served on the National Security Council and dealt with some of the most sensitive intelligence our agencies produced. And during my recent service on the Iraq Study Group, we benefited tremendously from the insights that were provided by the CIA as well as other intelligence agencies.

In short, what I bring is a broad range of experiences to this job. I know Washington, I think I know how it works, I think I also know why it fails to work. I am proud that in every agency that I had the good fortune to lead, that it performed its job in an outstanding manner, and I pledge to do the same at the CIA.

The last several years have been a period of tremendous change and daunting challenges for the CIA. It's been a difficult period. The government-wide failure to prevent 9/11, the 2002 NIE that failed to determine the absence of weapons of mass destruction, controversies over rendition, detention, interrogation—these issues emerged in war, challenged policymakers, are well known to this committee, having consumed much of your time and your energy. And I know this has been a period that has resulted in frayed relationships between the White House and the Congress, between the White House and this committee and between the political parties. I want to put that era behind us.

We are a nation at war. And since the attacks of September 11th, the CIA has been in an operational tempo that's unlike anything it's experienced in its history. It was the first on the ground in Afghanistan, it's been asked to run spies, analyze threats, undertake covert action and work with other intelligence services to keep Americans safe.

Let me, if I can, pay tribute to General Mike Hayden, the current Director of CIA, who in many ways has made a good effort trying to repair relationships. But most importantly, he has done a great job in restoring morale at the CIA and he's been an outstanding partner for me in this transition. I want to build on his successes.

Let me make clear what I want to do if I am confirmed. I believe the Director should be responsible for shaping the role of the CIA in the 21st century to protect this nation, to keep it safe and to bring integrity to intelligence operations. We will provide credible and accurate intelligence to policymakers. We will remain clear-eyed about the threats that are out there. And we will always perform our responsibilities according to the law, the Constitution and our values.

Let me outline in brief three areas that I think require my principal focus if I am confirmed. First, I want to work with the professionals who are there to get the details of all of our operations and to make certain that we're responding to our fundamental intelligence needs. In this endeavor, I will have a full partner in Steve Kappes, who's one of the most senior intelligence officers at the Agency and has agreed to serve as my deputy. I will rely on him and the other professional officers at the CIA to analyze intelligence gaps that exist and to do what we can to fill those gaps.

Let me assure you, let me assure you that while I will rely on the professionals for their experience and for their judgment, the decisions at the CIA will be mine as the Director. We have to build on the work currently under way to develop a first-class workforce

at the CIA that is diverse, that is well-trained, that is proficient in languages and cultures and that is prepared for the world of today and the world of tomorrow. We must deploy this workforce to fill our key gaps, which I've identified more fully in my statement.

Obviously, what is al-Qa'ida plotting in the tribal areas of Pakistan, the FATA? What will it take to get Iran off of its dangerous nuclear path? What will be the keys to long-term stability in Afghanistan and in Iraq? Will North Korea give up its weapons program? Can we defend our networks against cyber-attack? These are just some of the crucial areas that require good intelligence, and job one will be to look at the Agency operations and make certain that we meet these demands. Our first responsibility is to prevent surprise.

Secondly, I want to focus on improving intelligence coordination and collaboration under the new structure. I've been working with Admiral Blair in the days since our nomination to try to create a process that will foster collaboration and teamwork. Admiral Blair is an outstanding leader, and as a combatant commander, he understands what jointness is all about, and he and I have pledged that we will keep our lines of communication open and that we will do everything possible to improve coordination among our intelligence agencies. The CIA does not operate in a vacuum. Every day the agency is working with dozens of other agencies, including DOD and the FBI. We are part of one team.

Contrary to the views of some, I happen to believe that the new structure can work effectively for the CIA. Freed of its community management function, we can focus on management of human intelligence. We are primarily responsible for human intelligence, the gathering of that intelligence that's so important to the decisions that have to be made. We are responsible for covert action. We have tremendous operational strength, and my hope is to use that operational strength to perform the goals and the missions assigned by the DNI. We take the lead with our liaison partners, but we look to the DNI to establish the strategic goals that are so important for the intelligence community.

And thirdly, I want to rebuild the relationship of trust with the Congress. I am a creature of the Congress and proud of it. I understand the role of the Congress in oversight, those tremendous responsibilities you have with regards to policy in this country. I believe the "Gang of Eight" process was overused and therefore abused. Too often, critical issues were kept from this committee. Keeping this committee fully and currently informed is not optional—it's the law, and it is my solemn obligation to fulfill that requirement.

I believe that a strong partnership with this committee and with your counterparts in the House of Representatives will improve the CIA. You have a tremendous amount of expertise on this committee. We can learn from you and we can partner with you in that effort. That's not to say we'll always see things the same way, it's not to say that you won't question us and hold us accountable when appropriate. I expect nothing less. But our objective ought to be the same—to do everything possible, working together, to give the CIA what it needs to be successful.

Madam Chairman and Mr. Vice Chairman, if confirmed, I will honor the history and professionals of the CIA. For over 60 years, the CIA has done some heroic things to protect this country, and yet at the same time there have been mistakes. But my goal is to build on the tradition of success, of excellence and integrity.

Together, I think we can turn the page to a new chapter in the Agency's history. I've been asked to do this job because we need a strong CIA that keeps us safe and upholds our values. I pledge I will do everything in my power to make that goal a reality. Thank you and I'll be happy to answer your questions.

[The prepared statement of Mr. Panetta follows:]

PREPARED STATEMENT OF LEON PANETTA

Madame Chairman, Mr. Vice Chairman, and distinguished Members of the Committee, I am honored to appear before you today as the President's nominee to lead the Central Intelligence Agency.

I want to begin by thanking the President for placing his confidence in me to lead this critical Agency during a time of great peril but also great opportunity.

In particular, I want to thank you Madame Chairman, Mr. Vice Chairman, the Members of this Committee, and their staffs, for the time they spent with me over the past two weeks and for agreeing to serve as overseers of our nation's intelligence services.

And, of course, I could not have served in public life for 40 years without the love and support of my family, in particular my wife of 46 years, Sylvia, who has been with me every step of the way. She regrets not being able to be here, but she now has sole responsibility for running the Panetta Institute.

In preparing for this day, I had the opportunity to talk with most of the former Directors of CIA. They gave me excellent advice and shared many lessons learned, especially President George H.W. Bush, who ran CIA and, later, was its most important consumer. They all told me to listen carefully to the professionals at the Agency, but also to stay closely engaged with Congress. If confirmed, that is exactly what I intend to do.

CIA is on the front lines in the effort to defend this nation. CIA is a professional organization, comprised of dedicated women and men whose service to America is, out of necessity, often unrecognized and unacknowledged. At this hour, CIA officers are living in the most austere corners of the globe—serving away from their families, often undercover, and sometimes under fire. There are no marching bands to trumpet their valor and no monuments to mark their campaigns—just the quiet dedication to the mission.

When President Obama asked me to lead this organization he said he wanted someone whom he could trust, who was independent, and who would call them as he sees them. Someone who would tell policymakers what they needed to know, not what they wanted to hear. And someone who knew how to get things done in a bipartisan, professional manner.

Those goals were precisely what led President Truman to create a center for intelligence in 1947. With the lessons of Pearl Harbor fresh in his mind, he wanted a single entity that would pull together all intelligence coming into the government and analyze it in a timely way, without the bias that was often injected by the policy agencies. CIA has been serving in that important role ever since, and I believe it continues to be one its most preeminent functions.

I began my public service career in the Army as an intelligence officer, where I was proud to wear the uniform. Over four decades, I worked with policymakers, served in Congress, led a large and complex federal agency, and served as White House Chief of Staff. At OMB, I was responsible for the federal budget, including the funds spent on our clandestine activities and our covert actions. At the White House, I was a consumer of some of the most sensitive intelligence our agencies produce. And during my service on the Iraq Study Group, we benefitted tremendously from the insights provided by CIA and other intelligence agencies.

The last several years have been a period of tremendous change and daunting challenges for CIA. The government-wide failure to prevent 9/11; the 2002 Iraq NIE that missed badly on weapons of mass destruction; and the controversies over the laws and policies governing rendition, detention, and interrogation—these issues emerged in war, challenged policy makers, and are well known to the Committee, having consumed much of your time and energy.

We are a nation at war, and since the attacks of September 11, 2001, CIA has been on an operational tempo unlike any in its history. Its budget has increased. Its missions have expanded. The legal authorities governing CIA have shifted.

The Agency was the first on the ground in Afghanistan. It has been asked to run spies, analyze threats, undertake covert action, and work with other intelligence services to keep Americans safe. Few areas of the government have changed in the past decade as much as CIA in the effort to protect this country.

I believe the Director should be responsible for shaping the role of CIA in the twenty-first century to protect this nation, to provide credible and accurate intelligence to policy makers, to undertake those missions that will enhance our security, and to always perform our responsibilities according to the law and our Constitution.

Let me outline three areas that I believe will require my particular focus, if I am confirmed.

First, I want to work with the professionals to get into the details of all of our operations and to make certain that we are responding to our fundamental intelligence needs. In this endeavor, I will have a full partner in Steve Kappes, one of the most senior intelligence officers at the Agency, who has agreed to serve as my deputy. I will rely on him and the professional officers at CIA to analyze precisely: (1) our intelligence, (2) the quality and credibility of that intelligence, (3) any gaps that exist, and (4) what we are doing to fill those gaps.

Let me be specific. We know that Al Qaeda has reestablished a safe-haven in the border region between Pakistan and Afghanistan. We know they want to hit us again. But we don't know where that next attack will come from, and we don't have answers to a range of important questions. How do we deny Al Qaeda its safe haven? How do we effectively operate against this target and their command structure? Where are Usama Bin Ladin and his top deputies hiding?

We know that Iran is enriching uranium and supporting terrorists. But we don't know when they will have that capacity or what exactly it will take to get Iran off of its dangerous path.

We know that the situation in Afghanistan remains unstable. But we don't know what it will take to reverse that trend, to stop the Taliban, or to control corruption and institute long-term stability.

We know that there have been security gains in Iraq. But we don't know whether these gains will translate into political stability and create favorable conditions for a safe U.S. drawdown of forces.

We know North Korea detonated a nuclear weapon in 2006. But we don't know whether Kim Jong-Il is prepared to give up that nuclear capability once and for all.

We know that our communications networks are vulnerable to malicious activity and cyber threats. But we don't know what our adversaries are planning and what damage they are capable of inflicting.

These are just some of the crucial areas that require good intelligence. And job one will be to look at Agency operations and make certain that we meet these demands. This will take time. But it is our most important task.

Second, I want to focus on improving intelligence coordination and collaboration. Under the 2004 law passed by Congress, CIA continues to conduct Human Intelligence, or HUMINT, operations, but the CIA Director "reports" to the DNI. The law states that the DNI is the principal intelligence advisor to the President. I have been working with Admiral Blair in the days since our nomination to create a process that will foster collaboration and teamwork. Admiral Blair is n outstanding leader. As a combatant commander, he understands "jointness." And he and I have pledged that we will keep the lines of communication open between us.

And this is an important point: CIA does not operate in a vacuum. Everyday, the Agency is working with the State Department, the military, the National Security Agency, the National Reconnaissance Office, the National Geospatial-Intelligence Agency, the FBI, the Department of Homeland Security, and others. We are part of one team, and I pride myself on the ability to get members of a team—in this case, across many agencies—to work together.

Contrary to the views of some, I believe that the new structure can work effectively for CIA. The Director is freed from his community management function. The CIA Director has become the National Human Intelligence Manager—meaning our professionals are responsible for training, standards, and operations for HUMINT collection across the government. We take the lead with our liaison partners. And we can focus on those things that no other agency can do, such as covert action.

Third, I want to rebuild a close working and consultative relationship with Congress. I believe the "Gang of 8" process was overused by the previous White House and, therefore, abused. Too often, critical issues were kept from this Committee.

Keeping this Committee "fully and currently" informed is not optional. It is the law. It is our solemn obligation.

I believe that a strong partnership with this Committee—and with your counterparts in the House of Representatives—will improve CIA. You have a tremendous amount of expertise on this Committee. We can learn from you and we will partner with you.

Finally, there is a great deal the public cannot be told about CIA operations without revealing the same information to those who would do us harm. And so, CIA confides in you—and counts on you—to provide the oversight that the public cannot.

Madam Chairman, Mr. Vice Chairman,if confirmed, I pledge not only to follow the law, but to go a step further and endeavor, as best as I am able, to rebuild the trust between Congress and CIA. That's not to say we'll always see things the same way. That's not to say you won't question us and hold us accountable where appropriate—I expect nothing less. But our objective ought to be the same: to give the Central Intelligence Agency all that it needs to succeed.

If confirmed, I will honor the history and professionals of CIA. I will also help turn the page to a new chapter in the Agency's history. I have been asked to do this job because we need a strong CIA that keeps us safe and upholds our values. I pledge to you that I will do everything in my power to make that goal a reality.

Thank you. I would be happy to answer any questions you may have.

Chairman FEINSTEIN. Thank you very much, Mr. Panetta. I appreciate it. This is the order directly following my questions and those of the Vice Chairman: Senators Levin, Wyden, Burr, Chambliss, Feingold, Rockefeller, Coburn, Whitehouse, Nelson, Mikulski, Snowe, Bayh, Risch and Hatch.

I have just some questions that are traditional, Mr. Panetta, quickly, and a yes or no answer will suffice. Do you agree to appear before the committee here or in other venues if invited?

Mr. PANETTA. Yes.

Chairman FEINSTEIN. Do you agree to send officials from the CIA to appear before the committee and designated staff when invited?

Mr. PANETTA. Yes.

Chairman FEINSTEIN. Do you agree to provide documents or any other material requested by the committee in order for it to carry out its oversight and legislative responsibilities?

Mr. PANETTA. Yes.

Chairman FEINSTEIN. Will you ensure that the CIA provide such material to the committee when requested?

Mr. PANETTA. Yes.

Chairman FEINSTEIN. And a new question that I hope will become part of the tradition, and you have alluded to it: Do you agree to inform and fully brief to the fullest extent possible all members of the Committee of Intelligence activities and covert actions rather than only the Chairman and Vice Chairman?

Mr. PANETTA. Yes.

Chairman FEINSTEIN. Thank you very much. Let me plunge right into this.

Will the CIA continue the practice of extraordinary rendition, by which the CIA would transfer a detainee to either a foreign government or a black site for the purpose of long-term detention and interrogation, as opposed to for law enforcement purposes?

Mr. PANETTA. No, we will not, because, under the Executive Order issued by the President, that kind of extraordinary rendition, where we send someone for the purposes of torture or for actions by another country that violate our human values, that has been forbidden by the Executive Order.

Chairman FEINSTEIN. Thank you. The CIA—this is one of my major projects—the CIA has more contractors than any other intel-

ligence agency, and approximately one-third of the contractors of the entire community of 16 agencies. Most of these contractors have been hired since 9/11. Between 2001 and 2006, the number of contractors has doubled. The intelligence community has estimated—and I mentioned this to Admiral Blair at his hearing—that the cost of contractors is $80,000 more, per year, on average, than the cost of a government employee.

And the cost of contractors and employees at the CIA is likely to have a comparable ratio. You've mentioned that you're going to review all this. What specifically do you intend to do about it?

Mr. PANETTA. Well, I've asked the questions that you've raised during some of the briefings as to the extent of the contracting out that has taken place. I recognize that, coming out of 9/11, there was a need to reach out to contractors to try to fill requirements and responsibilities that the CIA, because of a lack of personnel, just simply didn't have the resources to do. And so obviously, a number of contracts were issued during that period.

I really believe that we have a responsibility to bring a lot of those duties in-house, and to develop the expertise and the skills within the CIA to perform those responsibilities. I get very nervous relying on outside contractors to do that job, A, because I'm not sure who they respond to, but, B, sometimes, when an employee at the CIA goes out and is then hired by a contractor and then returns, it's not very good for morale at the CIA.

Mike Hayden has made some progress in the effort to try to reduce the number of contracts and begin to build up our employee force to deal with those responsibilities. My intent is to do exactly the same thing. What I would like to see, ultimately, is, yes, there may be a need for contracting out where there are particular needs that we've got to see addressed, but I would like to see all of those duties and responsibilities eventually brought in-house to the employees of the CIA.

Chairman FEINSTEIN. Quick last question: We've discussed this privately; I would like to have it on the record. Last week, there was a front-page story about a CIA chief of station who has been accused of raping two women overseas. The allegations are very disturbing and, if true, as you know, completely unacceptable.

What would be your response if such allegations came to your attention as Director, in terms of dealing with the individual in question and notifying the intelligence committee? Until ABC put out a press release indicating that they were going to do a show that evening on this subject, we had no formal notification.

Mr. PANETTA. As I indicated to you, Madam Chairman, I think that was wrong. I think when that kind of behavior comes to the attention of the Director of the CIA that this committee ought to be informed with regards to that behavior, number one. Number two, the level of behavior involved in this situation, I think, obviously, it had to be referred to the Justice Department, but frankly, from my point of view, I think it is so onerous that the person should have been terminated. And we have the responsibility, as Director the CIA, to implement that kind of termination.

Chairman FEINSTEIN. Thank you very much.

Mr. Vice Chairman.

Vice Chairman BOND. Thank you, Madam Chair.

Mr. Panetta, to clarify what you just said, that the United States has sent individuals to other countries for torture, that's news to me. Now, I understand that during President Clinton's term there were approximately 80 renditions of terrorist suspects that occurred during your watch as chief of staff of the White House. An official from Human Right Watch was quoted as saying, "Clinton policies, in practice, meant torture." Do you have any comments on the renditions which occurred during your watch as chief of staff?

Mr. PANETTA. Well, I think you'd have to define the kind of renditions we're talking about. Obviously, extraordinary renditions were, I think, the situation where we took a prisoner and sent him to another country for questioning. And oftentimes, that questioning took place under circumstances that did not meet our test for human values.

Renditions have been a tool used by this government over the years prior to returning individuals to countries of jurisdiction. Carlos the Jackal was taken and returned to France under a rendition. Others have been—there were prisoners that we captured abroad that were rendered back to this country for purposes of trial. I think those kinds of renditions are an appropriate tool. I do not believe that we ought to use——

Chairman FEINSTEIN. Could you hold—the microphone has just gone off.

Mr. PANETTA. I've got it. I do not believe that—and as I said, under the Executive Order, I do not believe we ought to use renditions for the purpose of sending people to black sites and not providing the kind of oversight that, I believe, is necessary.

Now, having said that, if we capture a high-value prisoner, I believe we have the right to hold that individual temporarily, to be able to debrief that individual and then to make sure that individual is properly incarcerated so that we can maintain control over that individual. And I think that—frankly, I think that's provided for under the Executive Order.

Vice Chairman BOND. To clarify further, are you saying that the government has sent people to other countries for torture? And what do you mean by that?

Mr. PANETTA. I have not been officially briefed on any of the extraordinary renditions as to what actually took place. My understanding is that there were black sites; my understanding is that we used those during that time. Some of these were permanent facilities. What took place with those individuals, I don't have any direct evidence of, but obviously, there were indications that those countries did not meet the kind of human values that we would extend to prisoners. So it's for those reasons that the President acted to prevent extraordinary renditions.

Vice Chairman BOND. Now, since you don't know about those, I would assume that would apply to the renditions in the 1990s, when detainees were transferred to a third country where they were executed. Does that qualify as torture?

Mr. PANETTA. Well, I think in the renditions where we return an individual to the jurisdiction of another country and then they exercise, you know, their right to try that individual and to prosecute him under their laws, I think that is an appropriate use of rendition.

Vice Chairman BOND. Now, you're talking about not holding them in black sites. When you capture a high-value target, say number two, three, four, five in al-Qa'ida, where would you put that target? Where would that person be held?

Mr. PANETTA. Well, again, without going into the exact location of these sites, I think it's fair to say that if we captured Usama bin Ladin that we would find a place to hold him temporarily.

Vice Chairman BOND. Where do you hold him permanently? I don't think you'd want to let him loose, do you?

Mr. PANETTA. We certainly don't want to let him loose. We would debrief him and then we would incarcerate him, probably in a military prison.

Vice Chairman BOND. In the United States? I mean, if we're closing down Guantanamo, where would you send these most dangerous terrorists?

Mr. PANETTA. Senator, I'm not going to speculate on that, and to some extent, even under the Executive Order, there has to be a determination what happens to hard core individuals who cannot be tried or transferred. But in that instance, this would not come under the definition of a black site, because, number one, individuals who are held would be able to have access to the Red Cross. Number two, they are individuals who would be held on a temporary basis. And number three, the Army Field Manual would apply.

Vice Chairman BOND. Well, that leaves more questions I'll catch in another round. Thank you, Madam Chair.

Chairman FEINSTEIN. Thank you. I would call everybody's attention to the five-minute clock, which is going to be enforced. Senator Levin.

Senator LEVIN. Thank you very much, Madam Chairman.

Let me welcome you, Mr. Panetta. I know of nobody better prepared by experience, by character, the integrity that you have, by your demeanor to take on this responsibility, and we congratulate you and hope that you'll be speedily confirmed.

We continue to hear complaints that the Central Intelligence Agency and the Department of Defense do not adequately share intelligence. In other words, they keep intelligence which they've collected from each other. Do you believe that there should be maximum sharing of intelligence between the Department of Defense and the CIA?

Mr. PANETTA. Absolutely, and I've met with the Secretary of Defense and talked to him about making sure that we coordinate our efforts so that we know what's going on, what they're doing, and they will know what we're doing so that we can share that information.

Senator LEVIN. President Obama has said that waterboarding is torture. The Attorney General has said the same thing publicly, that waterboarding constitutes torture. Do you agree?

Mr. PANETTA. I've expressed the opinion that I believe that waterboarding is torture and that it's wrong, but more importantly the President has expressed the same opinion.

Having said, that I also believe, as the President has indicated, that those individuals who operated pursuant to a legal opinion that indicated that was proper and legal ought not to be prosecuted

or investigated, and that they acted pursuant to the law as it was presented to them by the Attorney General.

Senator LEVIN. You were quoted as saying in a column in the Monterey Herald that "torture is illegal, immoral, dangerous and counterproductive." Do you think it can be made legal by a legal opinion?

Mr. PANETTA. You know, my view as an attorney was that was a stretch by the Attorney General during the last administration making that decision. But when you're an employee at the CIA, you have to operate based on the legal opinions that are provided you from the Justice Department, from the Attorney General. You know, there have to be some guidelines here, there have to be some standards, and whether you agree or disagree—and I certainly do not agree with that particular opinion—nevertheless, when you go out there and take the kind of actions that have to be taken and rely on those opinions, I do not think that you ought to be prosecuted for that.

Senator LEVIN. The President, I believe, said—the Attorney General has said that nobody's above the law and that he will follow the law wherever it takes him. If that takes the Attorney General, with the approval of the President, into an inquiry as to the CIA's past practices, including the use of waterboarding and other harsh techniques, would you oppose that inquiry?

Mr. PANETTA. My approach hopefully would be that this committee would take steps—if you want—if the purpose is to learn lessons from what happened in the past, I think this is the appropriate committee to look at that history and to be able to determine what was done right and what was done wrong.

I also happen to believe, with the President, that if we find that there were those who deliberately violated the law—deliberately violated the law and deliberately took actions which were above and beyond standards that were presented to them, then obviously in those limited cases there should be prosecutions.

Senator LEVIN. In order to help this committee and the public to understand exactly what happened and why and what the validity of the legal opinion was that was pretty quickly rescinded after it was brought to public light, would you support the release of the so-called second Bybee memo, which was an Office of Legal Counsel memo addressed to the CIA that has not been released, unlike the legal memo which was sent to the Department of Defense, which has been publicly released. Would you support that release?

Mr. PANETTA. I would certainly do everything possible to cooperate with this committee in reviewing that history and try to cooperate with you in getting the information that you need in order to determine what actually happened.

Senator LEVIN. It's not just to the committee, but it's also to the public. The DOD memo, so-called the first Bybee memo, has been made public. Would you support making the Bybee legal memo from the Office of Legal Counsel public that went to the CIA?

Mr. PANETTA. Senator, I'd like the opportunity to review that document and to understand what's in it, but obviously I would do whatever I can to release those elements that I believe can be declassified and presented.

Senator LEVIN. And finally, could you give us your understanding of the relationship between the CIA and the DNI? Are you under the supervision, for instance, or is it a more cooperative, collaborative relationship?

Mr. PANETTA. Well, I think that the intention of the Congress in establishing the DNI was to create an operation that would coordinate all intelligence activities within the federal government, would report to the President, and would establish strategic goals for the intelligence community. I view my responsibility as an operational partner in that structure, reporting to the DNI, performing the tasks that are assigned to me by the DNI and providing him with the information and support that are needed. I'm an operational agent of the federal government as head of the CIA, if I'm confirmed as head of the CIA.

It is a tremendous operational arm. It is very important to producing the intelligence necessary for this country. It is deeply involved, obviously, in covert action and in analysis. So we are an operational arm, just like the NSA, just like the NRO. And I believe the role of the DNI is to coordinate all of our activities so we're exchanging information, we understand what the strategic goals of this country are, and we are working together as an intelligence team, not stovepiping each of our operations.

Senator LEVIN. Thank you, Madam Chairman.

Chairman FEINSTEIN. Thank you very much, Senator Levin.

Senator Wyden.

Senator WYDEN. Thank you very much, Madam Chairman.

I too want to welcome the nominee. I think he's going to do a first-rate job. I'm struck by how much time you've spent on things like the President's daily briefing, so clearly you've been involved in the intelligence policy area.

But I think what I especially like about your background, Mr. Panetta, is your track record of speaking truth to power. And I look, for example, at what you did in the Nixon administration when there was tough pressure on you to back off on enforcing school desegregation. You were a young guy, and you said you weren't going to sacrifice your principles. So I look forward to seeing you confirmed.

I want to dig into the question of interrogation policy and ask you about one area very specifically. I think our country, as it looks at this debate, and particularly where we're headed in the future, wants to know how you would at the Agency deal with what we call the human ticking time bomb—the person who has critical threat information, urgent information and you need to be able to secure that information.

I'm of the view that when you look at the FBI and the U.S. military, that they have been able to show that it is possible to get the information that's needed to protect our country's security, our country's wellbeing without coercive tactics. They've shown that, and I want to hear from you first whether you believe these noncoercive approaches can be effective in protecting our country when we're dealing with one of these human ticking time bombs.

Mr. PANETTA. What the President did in the Executive Order was to establish a single standard that would apply with interrogations with the Army Field Manual, and I think it was a step that

was taken because I think he believes deeply that we don't have to choose between our ideals and our safety and that we can abide by the law in doing what has to be done to protect the safety of this country.

And I believe that deeply. I think that's what this country is all about, that's what all of us who appreciate what the United States of America is all about. It's what my parents, as immigrants, believed that this country was all about, was the rule of law. And I think all of us have a responsibility to abide by that.

In the particular situation that you mention, where you have someone who could be a ticking time bomb and it's absolutely necessary to find out what information that individual has, I think we have to do everything possible, everything possible within the law, to get that information. And that's what I would do if I'm confirmed as the Director of the CIA.

I believe that if you talk to Bob Mueller, if you talk to John McCain, if you talk to General Petraeus, that they believe that information can be obtained without having to resort to extraordinary measures.

Senator WYDEN. I want to continue to work with you on that, because I think that Bob Mueller at the FBI and the U.S. military are showing that it's possible to protect our country when dealing with these human ticking time bombs, and as you have said in your comments here, do it in line with our values and using noncoercive techniques.

My second point sort of elaborates on this. Obviously, there are some people who don't agree with that particular view. They say you have to use these coercive techniques or our country will be put in jeopardy by these kinds of individuals. And so the debate just goes back and forth. You've indicated, as I feel, that noncoercive techniques will be effective against these kinds of very dangerous individuals, and the argument is made by some that it's not.

I think we ought to start declassifying some of the information in a way that protects sources and methods so as to better inform the public with respect to this issue. Would you be willing to work with me and colleagues—this committee—Democrats and Republicans—to responsibly start declassifying some of the information about the CIA's interrogation program.

Mr. PANETTA. Yes.

Senator WYDEN. The last question I want to ask you on this point is your sense about what can be discussed about the interrogation program in public, because this goes to a sensitive kind of area. My view is, unless you were to simply kill people in the course of interrogations, which is something no one, obviously, is in favor of, almost all of these interrogation practices come to light eventually. How would you look at the question about what can be discussed publicly and what sensitive information has to be kept private?

Mr. PANETTA. Senator, what I think I've got to do first and foremost when I get into the Agency is find out myself just exactly what tactics were used, what information was gathered. At this point, you know, I understand that there are some who believe that valuable information was gathered using some of these other tech-

niques. I don't know for a fact that that's the case. I don't know whether or not there was misinformation that was provided.

I don't know whether in fact the damage that was done as a result of those kinds of activities certainly counterbalanced whatever information we received. Those are all questions that I have and my goal is to look into those situations, look into it as best I can, and then to share with this committee what I find out.

Senator WYDEN. My time is expired, Madam Chair. Thank you.

Chairman FEINSTEIN. Thank you very much, Senator Wyden.

Senator Burr.

Senator BURR. Thank you, Madam Chairman.

Welcome, Mr. Panetta. And I know the Chair will expeditiously move forward with your nomination and we can have a CIA Director in place.

Let me stay on the same topic, if I can, for a second that Senator Wyden was on. Mr. Panetta, do you believe that the President has the executive power to choose to use enhanced interrogation techniques if in fact he felt that was necessary?

Mr. PANETTA. My view is that—I understand the powers that the President has under Article II and they are broad powers, but nobody is above the law. Nobody is above the law, and I think that even the President of the United States has to abide by the statutes and by the laws passed by the Congress. So, yes, he has broad authority under Article II but I don't think he can violate the laws of this country.

Senator BURR. You answered Senator Wyden's question, his initial question, by saying "I would go to whatever lengths to get that information." Would you hesitate with asking the President to use this executive power in a situation as Senator Wyden presented to you?

Mr. PANETTA. If we had a ticking-bomb situation and obviously whatever was being used I felt was not sufficient, I would not hesitate to go to the President of the United States and request whatever additional authority I would need but, obviously, I would again state that I think this President would do nothing that would violate the laws that were in place.

Senator BURR. You and I have had the opportunity to talk about the threat bioterrorism presents to us. How serious do you think bioterrorism is as a threat to this country and to the world and, more importantly, do you have anything you intend to do initially when you get to the CIA that would change the way we look at bioterrorism and specifically its threat?

Mr. PANETTA. Obviously, because of the enemy we confront as the result of 9/11, there are obviously a number of areas that threaten our security. It's not only acts of terrorism: it's the potential for using some kind of nuclear weapon, it's the potential to use cyber-attacks and it is the potential, obviously, to use bioterrorism. I'm a believer that when you look at the science and look at the potential on bioterrorism, that constitutes a very significant threat to the safety of the American people.

And that's an area that I would hope to look at very closely as Director of the CIA to ensure that we know as much as possible about the potential threat out there and that we're taking steps to try to deal with it.

Senator BURR. On January 22nd, President Obama issued a series of executive orders, specifically the ones that related to CIA interrogations and the detention program at Guantanamo. Let me ask you, were you involved in the thought process of those executive orders, if at all, and to what degree?

Mr. PANETTA. After the announcement that the President made that he would nominate me as Director of the CIA I did participate in some briefings on the Executive Order but I was not involved directly in the development of those executive orders.

Senator BURR. Are you aware if anybody at the CIA—officials, attorneys—were consulted about those orders ahead of time and if their input was considered or included in the resulting Executive Order?

Mr. PANETTA. I believe they did and I believe there was actually a meeting where they went out to Langley and sat down with individuals out there to discuss the executive orders and their implications.

Senator BURR. If you determine that there are any legal or operational problems caused by the Executive Orders of January 22, will you request that they be modified or rescinded to accommodate your concerns?

Mr. PANETTA. Senator, under each of those there is a review process that's built into the Executive Orders. Under the interrogation Executive Order there is a review process in which we are to look at these enhanced interrogation techniques and determine exactly what kind of information was derived, how they were used, et cetera, to determine whether or not any revisions ought to be made. I am a part of that review process and, you know, we will obviously make that determination.

Under the Guantanamo process, my understanding is there's a review process to determine three categories—what prisoners can be tried, what prisoners can be transferred, what do you do with those prisoners who can neither be tried or transferred for some reason and what will happen with them. That's a process that I as Director of CIA—I'm not a part of that process, but I would assume that information that CIA has certainly would be a part of that process.

Senator BURR. I thank you. Thank you, Madam Chairman.

Chairman FEINSTEIN. Thank you very much, Senator Burr.

Senator Chambliss.

Vice Chairman BOND. He's AWOL.

Chairman FEINSTEIN. Not here.

Senator Feingold.

Senator FEINGOLD. I thank the chair. And, Madam Chairman, Congressman Panetta's integrity and independent managerial——

Chairman FEINSTEIN. Could you see that your mike is on, please?

Senator FEINGOLD. I have it on. His managerial skills and his broad experience in both the Executive and Legislative branches suggests——

Chairman FEINSTEIN. Perhaps If you'd move it closer?

Senator FEINGOLD. Let's try this. I thank the Chair.

Chairman FEINSTEIN. You're welcome.

Senator FEINGOLD. Can you hear now?

Senator MIKULSKI. Is this microphone working? You've got to act kind of like a rock star. [Laughter.]

Senator FEINGOLD. Congressman Panetta's integrity and independence, his managerial skills and his broad experience——

Chairman FEINSTEIN. I'm sorry, still can't hear you. Try the one on your right. Try the one on your right.

Vice Chairman BOND. Let him start over, give him full time.

Chairman FEINSTEIN. Yes, you'll get your full five minutes.

Senator FEINGOLD. That's very kind. [Laughter.]

Senator HATCH. Somebody in foreign intelligence is interfering here, I guess.

Senator FEINGOLD. I believe Congressman Panetta can and will refocus the brave and dedicated professionals of the Agency and what they do best and what we need them for the most. And with his experience and skills working across agencies I think he's perfectly situated not only to represent the interests of the CIA within our government but also to convey an important message to the rest of the world. And that's when you're talking to the Director of the CIA, he's speaking for the President and the whole of the administration.

And let me just praise you, Congressman Panetta, for the directness and clarity of your responses, in particular to the questions just raised by Senator Burr. I'd ask the Chair that my full statement be placed in the record.

Chairman FEINSTEIN. It will, Senator.

[The prepared statement of Senator Feingold follows:]

PREPARED STATEMENT OF SENATOR RUSS FEINGOLD

Congressman Panetta has indicated that he appreciates the need to work with Congress. In his opening statement today, he indicates that the "Gang of 8" process was abused by the Bush Administration and stresses that notification to the Committee is a legal obligation. I have every reason to believe that he will usher in a new, collaborative relationship with the Congress that respects our constitutional obligation to conduct vigorous, independent oversight.

His commitment to implementing the changes already made by President Obama in the areas of detention and interrogation are evidenced by his statements—long before the election—condemning torture as well as warrantless surveillance of Americans. In the coming years, however, the CIA will face many challenges that will raise moral and legal, as well as national security, questions. These matters will require perspective and a clear-headed understanding of our national interests. They will also require close consultation with the Congress and a respect for the policymaking role of the State Department and the legal counsel of the Department of Justice. The policies already set forth by President Obama are thus only the beginning of a new era, one in which we will need a new kind of leadership.

In my meeting with Congressman Panetta, I raised a number of issues, some of which I will address in today's hearing. They include human rights, legal reviews of existing programs and ongoing authorities, and the need to integrate the CIA's clandestine collection with the information obtained openly by the State Department and others in our government. There are also many matters that can only be addressed in classified settings which I look forward to discussing with the nominee, should he be confirmed.

The fact that the CIA's activities are classified should never obscure the fact that it serves the American people and must adhere to our laws and national values, just like any other department or agency of our government. I have confidence that Congressman Panetta understands this principle, as well as the notion that members of Congress, with full knowledge of the CIA's activities, are an essential part of the checks and balances required of our constitutional system. As he has indicated in his statement to the committee, the "CIA confides in you—and counts on you—to provide the oversight that the public cannot."

Senator FEINGOLD. Congressman, you indicated in your opening statement that the legal authorities governing the CIA have shifted and acknowledge that there have been controversies over the laws and policies governing rendition and detention and interrogation. And Director Blair committed to the committee that he would submit to the Office of Legal Counsel of the Department of Justice proposed or ongoing activities where there is a legal dispute.

Will you ensure that the CIA fully cooperates with the DOJ as it reviews these matters, as well as any others that may arise?

Mr. PANETTA. Yes, I will.

Senator FEINGOLD. And in your response to the committee's written questions you indicated you are concerned that we've not devoted sufficient resources in this area to Africa. You also stated that you'd review CIA operations and resources in light of emerging or long-range threats and may adjust the allocation of resources accordingly. That's not easy, frankly, given the chronic tendency of the intelligence community to be reactive to current crises at the expense of potential or real emerging and long-range threats.

If confirmed, will you work with me and other members of the committee right at the outset on setting those new priorities and budget allocations, in particular with regard to Africa?

Mr. PANETTA. Yes, I will. Senator, I really do think that if we are going to come into the 21st century we have got to set a list of priorities that not only look at current crises—and clearly we've got Afghanistan, we've got Pakistan, we've got Iraq, and we have North Korea. We understand what those more immediate crises are that we have to focus on—Iran, et cetera.

But we also have to clearly look at Russia and China. We've got to look at Africa. We've got to look at Latin America. We have got to look at where those potential crises can develop for the future. And that's an area that I would like to focus on and clearly would work with the committee in those areas.

Senator FEINGOLD. Another aspect of allocating resources: As you allocate the CIA's finite resources, if confirmed, I'd like you to consider how much easier that job would be if there were some strategic direction about where we most need clandestine collection and, on the other hand, where our government can do a better job gathering information through diplomatic reporting or other non-clandestine means.

It's clear that a lack of any such strategy, in my view, has prevented us from using our nation's resources wisely or effectively. It's effectively kept us in the dark on a broad range of national security issues. And that's why I think this committee approved legislation by Senator Hagel and myself that would have created an independent commission to recommend ways to fix this long-standing systemic problem and why a broad range of former officials, including the former national security advisors from both parties, have endorsed this legislation.

Do you agree that an interagency strategy that integrates clandestine and non-clandestine collection would serve our national interests and would you support an independent review aimed at providing recommendations on how to achieve that goal?

Mr. PANETTA. I would look forward to working with you on that legislation. I think those goals are good ones to look at.

Senator FEINGOLD. In your opening statement, you stress that the CIA takes the lead with our liaison partners. As I indicated in my statement, I see your nomination as a critical opportunity to convey to those partners that there will be no more mixed messages from our government.

What kind of working relationship will you establish with the Department of State and others in our government to ensure that your message is consistent with all elements of our foreign and national security policies, including counterterrorism and democratization, counterproliferation and human rights?

Mr. PANETTA. Senator, I think this country is at its weakest when we send mixed messages abroad as to what our policy is. I think we have to speak with one voice; we have to implement one policy. The President sets that policy and we have to follow it. And I will do everything possible to work not only with our liaisons, but with the State Department, the Department of Defense and the other key agencies to make sure that we are all saying the same thing. And, frankly, I think that's part of the role of the DNI, is to make sure that we are all saying the same thing.

Senator FEINGOLD. Thank you very much. Thanks to the Chair.

Chairman FEINSTEIN. Thank you very much, Senator Feingold.

Senator Rockefeller.

Senator ROCKEFELLER. Thank you, Madam Chair.

Mr. Panetta, I am delighted by your appointment. And I think one of the qualities that you bring is this enormous array of experiences you've had, including a great deal of intelligence, an enormous array of knowledge of government. And you bring it to the head of the CIA, where we have had people who are of the CIA but who have never been able to translate to the rest of the world or to the rest of this government or to the rest of this Congress in the broad terms, practical terms, professional terms that you will be able to do.

You will be able to give the CIA new standing, together with Steve Kappes at an operational level, you both, that I don't think any other CIA Director has ever had. And so I strongly support your nomination. I have only one line of questions to ask you because they have to be asked.

A certain former senior official suggested that the Obama Administration is more concerned about reading the rights to al-Qa'ida's terrorists than they are with protecting the United States. He suggested that the Obama Administration thinks it can defeat terrorist enemies by "turning the other cheek," and that , "if we just talk nice to those folks, everything is going to be okay."

That needs to be clarified because it's so extraordinary that such a statement would be made at such an early point in a new administration. So, to clear the air, do you think language like this is helpful in developing effective intelligence policies that can have broad bipartisan support? Can you envision a debate on these difficult issues in which the people have strong opinions about how to keep America safe but do not denigrate the motives or integrity of people who have different opinions?

Mr. PANETTA. Senator, I was disappointed by those comments because the implication is that somehow this country is more vulnerable to attack because the President of the United States wants to abide by the law and the Constitution. I think we're a stronger nation when we abide by the law and the Constitution.

Senator ROCKEFELLER. Agreed. I'm curious about who that particular former official was talking about. Of all of the people you know in the Obama Administration—and you have over the years, but particularly in this last transition period—do you know anyone who cares more about reading the rights to a terrorist than protecting America, on the one hand; anyone who thinks we should turn the other cheek against terrorists, on another hand; and anyone who thinks that everything will be okay if we just go talk nice to terrorists?

Mr. PANETTA. No. Senator, there are thousands of men and women who are on the front lines trying to protect this country and fighting the battle to ensure that our security is protected. They're using every tool that our nation can provide them. And I think that all of us, all of us within this administration, Republican and Democrat alike, have a responsibility to make sure that we are all fighting this battle together and not blaming one or the other for particular weaknesses. If we don't act together to try to protect this country, then that is the surest way to lose our security for the future.

Senator ROCKEFELLER. Have you ever met anyone who thinks, in this Administration and in the transition period, that dealing with detention and interrogation policies, including closing Guantanamo, is actually an easy issue, number one, anyone who does not know that these issues are complicated and fraught with difficult and even dangerous questions?

Mr. PANETTA. Now, look, these are tough issues. Nobody has any easy answers here, but I think the fact is that I am absolutely convinced that we can protect this country, we can get the information we need, we can provide for the security of the American people and we can abide by the law. I'm absolutely convinced that we can do that.

Senator ROCKEFELLER. Can you remember any discussions, finally, in which you felt that the safety and security of the American people was not the absolute, number one priority of everyone with whom you worked and have worked?

Mr. PANETTA. Everyone agrees that that's the number-one priority.

Senator ROCKEFELLER. Thank you, sir.

Chairman FEINSTEIN. Thank you very much, Senator Rockefeller.

Senator Coburn and then Senator Whitehouse.

Senator COBURN. Thank you, Madam Chairman.

Mr. Panetta, thank you, thank you for your service. I enjoyed our conversation in my office this past week. I have a couple of questions for you, one of them is hypothetical. But before I get to those, I wasn't clear in your answer to Senator Levin. Is the DNI your boss or not?

Mr. PANETTA. The DNI is my boss. He's the person I respond to.

Senator COBURN. Okay. Thank you. If an employee of the CIA under your watch grossly mishandled highly classified information

in a way that that information was divulged to an adversarial foreign government, would that be grounds for termination at the CIA under your watch?

Mr. PANETTA. Absolutely.

Senator COBURN. Is that information that should be fully and immediately briefed to the full membership of the oversight committee?

Mr. PANETTA. Yes, it should be.

Senator COBURN. Here's the hypothetical: If a staff member of the House or Senate intelligence committees similarly mishandled highly classified information and that information ended up in the hands of an adversarial foreign government, what actions would you take, in light of the fact that the CIA adjudicates itself the staff clearances?

Mr. PANETTA. Well, I would certainly bring it to the attention of this committee, to the Chairman, to the Vice Chairman and to membership of this committee. That's a serious, serious breach, and obviously I think the disciplining of that individual I would leave to this committee, but I could certainly make a recommendation.

Senator COBURN. Can you imagine what that recommendation might be?

Mr. PANETTA. I think you——

Senator COBURN. I'd like to hear it.

Mr. PANETTA. If we were sure that kind of breach had taken place, then obviously I'd recommend pulling the clearance.

Senator COBURN. Thank you. Third question: Are you aware that former DCI John Deutch, who in 2001 had his security clearances revoked and received a pardon for mishandling highly classified information, do you realize that he has recently been asked by DNI Director Blair to serve in a fairly sensitive position on an advisory panel overseeing our most sensitive intelligence overhead architecture?

Mr. PANETTA. I'm not aware of that.

Senator COBURN. Do you think that's appropriate?

Mr. PANETTA. I think I'd have to sit down and talk with Admiral Blair about just exactly what he had in mind.

Senator COBURN. What kind of message do you think that appointment sends to the men and women of the CIA, who work every day to collect and protect the most sensitive intelligence?

Mr. PANETTA. Again, Senator, because, this is the first time I've heard that, I don't want to jump to any quick conclusions about what the Admiral may or may not have had in mind, but clearly this is something I need to talk to him about.

Senator COBURN. All right, thank you. In your pre-hearing questions, you said that one of your first management priorities would be to review the CIA's overreliance on contractors—and I know that's been asked before. Are you at the position now where you can judge how effectively and how fast you could do that, because my understanding is much of that's based on a lack of adequate, available people, as well as those transferring out and coming back in?

Mr. PANETTA. I think that's right. And so it's going to be a transition. It's not something that can happen overnight, where you

suddenly get rid of all your contractors and hope your people can fill that job. I think it ought to be done on a transition basis. We ought to determine what are those areas we can move into the employees of the CIA and the skills set that they can pick up, but I do think, over a period of time we ought to be reducing our dependence on contractors and building an in-house responsibility in each of these areas.

Senator COBURN. Does that apply even when you could do it outside for a much lower cost?

Mr. PANETTA. Well, I guess I'd be interested in that, you know. As Director of OMB, I always had to look pretty closely at people who said you can get cheaper services by contracting it out, because when we went back and looked at some of those contracts, we found that the costs, often times, increased.

So my answer would be, I'd like to look at where we do have to use contractors—and as I said, I'm not saying we shouldn't use any contractors at all. There may very well be a need for that. We may need a certain capability, we may need a certain language skill so that we may need to do that. But in doing it, I would make very sure that the taxpayers are protected.

Senator COBURN. Thank you, and I think you would, too. Thank you, Madam Chairman.

Chairman FEINSTEIN. Thank you very much, Senator Coburn.

Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Madam Chair. Mr. Panetta, congratulations and welcome.

Mr. PANETTA. Thank you.

Senator WHITEHOUSE. During the course of the Bush Administration, the Department of Justice, through its Office of Legal Counsel, provided an opinion, which in relevant part I had de-classified, which indicated that the President was not under any obligation to follow Executive Orders. He could depart from Executive Orders without ever disclosing it or modifying the Executive Order. In effect, the Executive Orders were something from which the President and the people operating under his direction were entirely immune.

Obviously, that's not my understanding of what rule of law means, nor of what Executive Orders amount to. What I would like you to tell us, given the importance of these new four executive orders that President Obama has indicated, and standing Executive Orders such as 12333, which tends to provide most of the oversight over some of these areas, in the event that the CIA is tasked to depart from any valid, pending Executive Order, will you inform the committee of that?

Mr. PANETTA. Yes, I would. I think that's a serious matter and this committee ought to be informed of that if I'm being asked to do that.

Senator WHITEHOUSE. Thank you. Following up on Senator Rockefeller's topic with respect to a recent administration official, very early on, when Guantanamo was first opened up, the Vice President described the occupants of that facility as the worst of a very bad lot, they are very dangerous, they are devoted to killing millions of Americans, innocent Americans if they can, and they're perfectly prepared to die in the effort. The number ran up close to

800 that were contained in that facility. About more than two-thirds of those detained have already been released by the previous administration.

More recently, in June of 2005, Vice President Cheney said this: "We had some 800 people down there. We've screened them all and we've let go those that we've deemed not to be a continuing threat. But the 520-some that are there now are serious, deadly threats to the United States. For the most part, if you let them out, they'll go back to trying to kill Americans. The 520-some that are there now are serious, deadly threats. We've screened them all." They then released 270 of those 520.

The reason I point this out is because in the past administration, the great and necessary privilege of secrecy that has been conferred upon our intelligence community for very, very good and legitimate reasons, I believe, has been abused. And it has been abused to prevent this committee and the public from having access not to sources and methods whose release would compromise national security, but to the other side of an argument that, for political purposes, the administration wanted to position in a particular way—not having access to what was going on at Guantanamo, not having a fair and real understanding of what happened with interrogation policies, not having a fair understanding of what was going on with the warrantless wiretapping program.

Over and over again, secrecy was used for rhetorical propaganda purposes, not for national security purposes, in my view. I would like to urge you, in the course of your tenure—I don't think you will behave that way, but once these things have been done, people can go back and do them again. I'd like to be able to work with the committee and with you to think of ways in which we can create different incentives so that problem doesn't occur. At the moment, the Executive branch has all the declassifiers and you, as the Director of central intelligence can sit there and you can say something and it could be the biggest secret we have, and you haven't revealed it in any prosecutable way; what you've done is declassified it.

If Chairman Feinstein were to answer you with something that was, perhaps, considerably less harmful to national security, but at least corrected what you had just said publicly, she would be at risk for, you know, the administration sending FBI agents to her office. There's an imbalance there that somehow I think needs to be corrected if we're going to stop this behavior from happening again in the future, because the precious trust of secrecy is too important to be abused that way. What are your thoughts about that?

Mr. PANETTA. I had a tremendous regard for Senator Moynihan, who said a great deal about this issue in terms of the over-classification that goes on. Look, there's a balance here. Clearly, there are areas that have to be classified, particularly when it involves the lives of people and involves important sources and methods that are being used. But, at the same time, the public and this committee has a right to know what's taking place. And there are areas where we have to declassify in order to ensure that the public is made aware of what takes place. It's a fine balance. I'd like to work with this committee to try to achieve that balance.

Senator WHITEHOUSE. I look forward to it and I thank the Chair.

Chairman FEINSTEIN. Thank you very much, Senator Whitehouse. Senator Nelson is next. I do not see him.

Senator Mikulski.

Senator MIKULSKI. Thank you very much, Madam Chairwoman.

Mr. Panetta, welcome to the committee, and I'd like to say to the committee, perhaps out of any Member here, I've known Mr. Panetta the longest and, in some ways, the most up-close and personal. For the record, I'd like it to show that Mr. Panetta and I came to the Congress together in 1977. We were the bicentennial class; we came in at the 200th anniversary of our country. People came in with us like Gore, Gephardt—when we got past the Gs, we made something of ourselves. [Laughter.]

But we also had names like Shelby and Stockman. I served in the House with Mr. Panetta and watched his excellent work on the Budget Committee and then see him go to OMB and then chief of staff to the President, and most recently, have been working with him in his work on the Pew Commission to really deal with the challenges that our oceans are facing, in terms of the environment. I can say to my committee colleagues that in all of those years, I've known Mr. Panetta to be a man of incredible honor, integrity and, really, an incredible diligence and work ethic.

And if ever there's anyone who's served in government that's duty-driven, it's Leon Panetta. And if you know him the way I do, he's put his values into action. Family, faith and country—that's the way he was raised; that's the way he lives; and that's the way he functions. He has represented the most beautiful place in America—outside of Maryland and the Chesapeake Bay—in Monterey, and I think we're lucky to have him.

Having said that, Mr. Panetta, I do have—my questions are, though, about restoring the honor and integrity of the CIA in the public—and functionality—in the public's mind. I'd like to give not a hypothetical, but a real case example about what happened to Colin Powell and his involvement at the CIA. Mr. Powell—as we know, Mr. Secretary Powell, General Powell, citizen extraordinary Powell—went before the United Nations and presented our case for the Iraq war.

The information he presented was deeply flawed. Therefore, we, through the CIA and his briefings, discredited one of the most esteemed men in the world. That occurred because of either the CIA was grossly incompetent in their preparation of General Powell or it was cynical manipulation coming from orders of other areas of our government.

Could you tell us what you will do at the CIA so that we would never again have another event like what happened to General Powell as he presented to the world the United States of America's case for taking a military action?

Mr. PANETTA. Senator, I promised the President of the United States that if I was fortunate enough to be honored with this position that what I would present him is the very best intelligence that I could bring together and that I would tell it straight to him, whether he likes to hear it or not. And I feel that's my obligation. I will present the best evidence that we have, the best intelligence that we have and I will present it to the policymakers and I will ensure that they have that very best information.

And if by chance someone goes out and strays from that position and indicates something that's contrary to what I presented, then I would not only bring it to the attention of that individual, I'd bring it to the attention of the President of the United States.

Senator MIKULSKI. That's an excellent answer. Let me ask, though, within the CIA there were those that dissented. I'm not sure always that the highest levels of the CIA knew the dissent among people working at the CIA. If confirmed, how would you treat dissent at the CIA and, as we talk about truth to power, would you actually establish some type of channel for dissenting opinions to be brought to your attention or to the leadership of you and Mr. Kappes?

Mr. PANETTA. My experience in government, Senator, is that the worst thing you can have is a group of yes-people around you: you got to have people that are dissenters; you got to have people that are willing to ask questions. They have to feel free to question what's going on. I think people have to have that opportunity because in the end, you know, the truth is something that sometimes depends on a certain perspective, but it's when you get a series of those perspectives that you can have a better sense of what reality is all about.

So I would encourage dissent; I always have. When I was chief of staff to the President I was often the only person in the room who dissented, but I felt that was a role that I had to fulfill.

Senator MIKULSKI. Well, I think we've been very clear that you will speak truth to power in terms of the President and to the DNI, for whom you work, but I would really hope, in conclusion, that you would consider a way that the worker bees at the CIA have a chance of communicating with you and look forward to further conversation.

Mr. PANETTA. I will. Thank you.

Chairman FEINSTEIN. If I can just announce my intent, it's my understanding that there are going to be 13 votes beginning in about 10 minutes. The remaining Senators are Senators Snowe, Bayh, Risch and Hatch. I'd like to conclude a first round. If a second round is required, it will be my intention to recess the committee and, if it's agreeable with you, Mr. Panetta, and my colleagues, carry out the second round tomorrow morning at 10:00 a.m.

Mr. PANETTA. That's fine.

Chairman FEINSTEIN. So I'd like to conclude the hearing part this week. So we will continue and go hopefully until everybody has at least a first chance. Senator Snowe.

Senator SNOWE. Thank you, Madam Chair.

I want to welcome you and congratulate you. I know we go a long way's back—I won't say how long, either, but a little bit shorter than Barbara—but I certainly want to commend you. And you're obviously assuming the helm of this agency at a very critical time in its history as well as in our nation's history, without question, and you're certainly equal to the challenge.

As you mentioned that you're going to rely on professionals in the Agency, you're going to surround yourself with those professionals, at the same time ultimately you're going to make the decisions. As you know, the Agency has gone through, you know, con-

siderable turmoil and particularly since 9/11, starting with that event, and then of course the failure to predict the weapons of mass destruction, the failure to have the accurate intelligence, the warrantless surveillance, the interrogation, detention, renditions—I mean, all of those issues combined that has created very troubling circumstances both for the Agency and for this country.

How will you make those independent decisions? If you're to change the status quo within the Agency but yet you have to rely on the professionals, exactly how will you be changing the direction of the Agency, because many of these individuals obviously were part of the policymaking decisions at the time within the Agency. So how will that represent change?

Mr. PANETTA. Senator, my approach to every major job I've had to deal with is to go in and rely on the people that are there first and foremost. I did that when I took over at the Office for Civil Rights, I did that when I took over the Office of Management and Budget ,and I did that when I became chief of staff to the President.

My approach is that I will rely on the people that are there. I'll rely on their experience. I'll see how they do the job, if they do it effectively, if they participate in the staff meetings. If I feel that I can get a sense of their dedication to the job and that they will recommend those policies that I think are best for the Agency and for the country, then we will work as a team.

If I feel that there are people there that won't perform in that manner, then obviously I'll take steps, but my hope is that we can develop that kind of professional relationship. The people I have met, I am very impressed with their professionalism, I'm very impressed with their experience and their abilities, and I think we have to learn to work together as a team. But we also have to understand that if changes have to be made, they ought to be made for the benefit of not only the Agency but, more importantly, for the country.

Senator SNOWE. What do you consider to be the greatest challenge?

Mr. PANETTA. I think greatest challenge at the CIA is the need to develop the very best intelligence in areas that we are not anticipating right now may be problems for the future. And I think we've got a very good effort in Afghanistan. I think we've got a good effort in Pakistan. I think we've got a good effort in Iraq. I think we've got a good effort in Iran and North Korea. But what I worry about are those areas that concern me for the future. We aren't as strong as we should be, I believe, in Russia, in China, in Africa.

I think we need to know more, for example, with regards to the current economic crisis that's not only impacting this country but impacting the world. What are the consequences of that in terms of stability in the world? We need to understand that. We have to be prepared to ensure that we are not surprised, and I think the biggest challenge I have right now is to figure out where those gaps are and how do we best deal with them.

Senator SNOWE. Do you believe that al-Qa'ida remains the number one priority and the top demonstrated threat?

Mr. PANETTA. I do because clearly they are the terrorist who attacked us on 9/11 and we have to do everything possible to strike against them.

Senator SNOWE. Well, what do you think it says that we have been unable to capture Usama bin Ladin since 9/11? What do you think that says about our resources or our ability or our focus?

Mr. PANETTA. That's the same question I ask every day, because I think one of the responsibilities we have is to go after our worst enemy, and that is Usama bin Ladin. I've asked the question, you know, why have we not been able to do it? There obviously have been a lot of efforts to try to locate him. Oftentimes the trail goes cold, but there is a continuing effort to try to ensure that we do everything possible to try to find him. It would be one of my priorities, frankly, to make sure that we in fact do find him and bring him to justice.

Senator SNOWE. Thank you.

Chairman FEINSTEIN. Thank you very much, Senator Snowe.

Senator Bayh.

Senator BAYH. Thank you, Madam Chairman.

Thank you, Mr. Panetta. I've been very impressed by your testimony here today, as I was by our meeting some time ago. It is my hope that you will be an exemplary Director of Central Intelligence. That's a vitally important position, as you know, often thankless as I'm sure if you don't know you will find out. But I am personally grateful to you for your willingness to take on this important responsibility at this challenging time.

Some of my questions may be in the vein of playing the devil's advocate, but as we wrestle with these I think it's important to sometimes examine them from not only the point of view that we've adopted but perhaps from an alternative point of view as well to ensure that we've reached the right decision.

With regard to the detainees at Guantanamo, as you know and I think as Senator Whitehouse pointed out, the previous administration released quite a few detainees for repatriation.

It has been published that a significant percentage of them have returned to terrorist activities.

In fact, published reports indicate that at least one carried out a deadly attack or participated in a deadly attack on the U.S. Embassy in Yemen, killing several Yemenis and one U.S. citizen. It is my understanding that this administration will continue the practice of the previous administration of repatriating at least some of these detainees. They go through the process in Saudi Arabia that is considered to be good. But some of them, it's not successful.

So my question to you is, if some of these individuals that we release from our custody go back to participating in these activities and innocent people are killed as a result of that, what do we say to the families of those victims? How do we justify that decision?

Mr. PANETTA. I hope we never have to do that. And I think the best way to try to prevent that from happening is to make the best determination about what prisoners can in fact be repatriated and whether or not they are subject to being able to return to civilian life in some way.

I think we have to do a very challenging job of gathering the evidence, gathering the information on each of these prisoners, and

then making the determination which ones can be tried, which ones can be transferred, but which ones ought never to leave incarceration. There probably has to develop some kind of process that allows for some kind of reporting to the federal courts so that there is an ongoing system of reporting why they are being incarcerated and why they are being held so that they just aren't, you know, put away without any resort to our justice system. But I think there are going to be a group of prisoners that, very frankly, are going to have to be held in detainment for a long time.

Senator BAYH. I think your answer was right to the heart of the matter. And I would just encourage you, we need to be realistic about the success of some of the countries to whom we repatriate individuals, look at their track record, and make our evaluations accordingly. And as you say, in evaluating which category these individuals fall into, I personally would—where in doubt—encourage you to err on the side of protecting the safety of innocent people. And I'm sure that you will.

Let me move on. This involves the National Intelligence Estimates. We had an unfortunate case that I'm sure you're aware of with regard to Iran, where the way in which the National Intelligence Estimate was written highlighted the fact that apparently they suspended the weaponization aspect of their program. Then, in a footnote, it noted that they continued apace with their attempts to develop fissile material and delivery capabilities and those kind of things, and in fact may have restarted their weaponization efforts. We just don't know.

So I would encourage you—just a comment—to look very carefully how these things are written, because that really undermined our diplomatic efforts to gather our allies to put pressure on Iran to stop those kind of activities. So my comment, my question is, is it your belief that Iran is seeking a nuclear military capability? Or are their interests solely limited to the civilian sphere?

Mr. PANETTA. From all the information that I've seen, I think there is no question that they are seeking that capability.

Senator BAYH. Two quick questions. In, I guess, his exit interview or last testimony before the committee, Admiral McConnell talked about the leak phenomenon that I'm sure you'll become intimately familiar with. And he indicated that he had referred numerous cases to the Justice Department, none of which had been prosecuted. They couldn't make a case.

It was his opinion that some of the pending legislation that would deal with shield laws and that kind of thing—this was his opinion now—would make it virtually impossible in the future to ever bring a prosecution for a leak. I'd be interested if you've had a chance to contemplate that issue and, if so, if you shared his opinion?

Mr. PANETTA. When I was chief of staff, one of the things the President constantly complained about were leaks. And they're not easy to deal with because you don't know, you know, where the leak came from. You can make all kinds of assumptions but it's very difficult to prove it.

Having said that, you know, I consider leaking—particularly where it involves secrets that are important to this country—treasonous. And I think they have to be prosecuted in that manner.

And I guess I would hope to work with the Attorney General to make sure that we aren't simply referring these things into an empty hole, but that they would take actions against them.

Senator BAYH. I've exceeded my time. Thank you.

Chairman FEINSTEIN. Thank you very much, Senator Bayh.

Interestingly enough, the votes have been postponed until 4:30. I believe we will be able to go through the remaining three Senators, and I know the Vice Chairman has some additional questions. So I'm going to try to keep going as long as we can in hopes of concluding it today.

Let me call upon Senator Risch. You're next. And then Senator Hatch.

Senator RISCH. Thank you, Madam Chairman.

Mr. Panetta, thank you for coming to see me. I sincerely appreciate it. Madam Chairman and members of the committee——

Mr. PANETTA. It's a part of the Senate I've never seen before.

Senator RISCH. Thank you for pointing that out. I'm reminded of that every day when I get to work. Madam Chairman, members of the committee, Mr. Panetta held up well under my withering cross-examination and answered all the questions I had very well and, I think, openly and candidly and I sincerely appreciate that. And that's all I have.

Chairman FEINSTEIN. Thank you very much, and thank you for remaining; it's very much appreciated.

Senator Hatch, my old friend.

Senator HATCH. You're right about that; I'm your old friend. But I'm also Leon Panetta's old friend as well, and I welcome you to the committee. And I appreciate the time and courtesy you showed me in coming to my office and spending as much time as you did. We've known each other a long time and we've worked together on numerous occasions, but none of these occasions dealt with national security issues at all.

Now, I might add, you're not the most inexperienced person to be nominated for this job, as you know, and I certainly believe that one can lead the Agency without having spent a lifetime—or spent your previous life as an "espiocrat"—we'll put it that way.

But you're choosing to accept this nomination at a time when this country is engaged in two major wars, as well as the global war against terrorism and terrorists. And the role of intelligence in prosecuting these wars is unprecedented. And the ranks of the intelligence officers, due to the Presidential mandate, are larger than ever, with many dynamic junior officers volunteering to spend their careers spending work that, by definition, will never be specifically heralded.

In short, the role of intelligence has never been greater in advancing our national security, and the demands have never been higher. So I believe that you have a wonderful opportunity ahead of you to help our country and help protect it. And I believe you'll fulfill that responsibility very well.

Let me just say, referring to Senator Mikulski's questions, you're aware that the CIA wrote Secretary Powell's speech?

Mr. PANETTA. Yes.

Senator HATCH. They wrote it, and of course, George Tenet was seated right behind him at the time. So it's an important thing to

realize that they were relying on worldwide intelligence at the time—not just ours—and every major country intelligence community believed that was the case. Right?

Mr. PANETTA. That's correct.

Senator HATCH. Yes. Perhaps we can agree that the primary goal of the CIA is to prevent another "strategic surprise" such as the one that occurred on September 11th. Now, you held the position of chief of staff to the President from 1994 until 1997. Now, presumably, this is the period when you had the most experience as a consumer of intelligence, although you did have experience in the military.

Mr. PANETTA. Senator, let me correct you. I was chief of staff from roughly 1993 to 1997—early 1997.

Senator HATCH. I was wrong. I'll be corrected. It was during this period that President Clinton must have become aware of the rise of O sama bin Ladin. I first spoke publicly of this in 1996 and I threw out warnings that we'd better watch him because he's going to kill Americans, at the time. Now, as a consumer of intelligence at that time, what did you do with regard to the first reports you were getting about bin Ladin and al-Qa'ida? And I'd just like to see where we go on that.

Mr. PANETTA. Senator, I can remember in the briefings that I was part of that terrorism, very early on, became a major area of concern—that bin Ladin, other terrorists, particularly after what happened in New York at the Trade Center—the bombing of the Trade Center—that there was an awareness that, clearly, there were these major threats from terrorists that we had to pay attention to.

And our national security advisors—our national security team—all continued to bring those matters to the attention of the President and there were oftentimes steps that were recommended to go after them when the intelligence was there that they were trying to either go after planes in Los Angeles or in the Philippines or what have you. So it was a matter that the Administration continued to pay attention to as a major priority.

Senator HATCH. I notice my time is up, Madam Chair. So I'll finish with that.

Chairman FEINSTEIN. Thank you very much, Senator Hatch.

It looks like we may be able to finish. I know the Vice Chairman has additional comments. So if it's agreeable with you, I'd like to just turn to him. Mr. Vice Chairman, why don't you proceed?

Vice Chairman BOND. Thank you very much, Madam Chair. Several of our members on this side had left thinking they wouldn't have the opportunity to ask questions. There are a number of questions that I have further to clarify some of the issues that we have discussed. And I'm a little bit at a loss to make sure exactly what you meant.

Now, near the end of my first round of questioning, you said, and we've discussed it a little bit, that you sent people to other countries for torture. And you said that—number one, I assume that was not the case when you were chief of staff. Were you fully advised of the extraordinary renditions that went on during that time?

Mr. PANETTA. Renditions were discussed. I was not aware of all of the steps that were taken, because sometimes those involved with the National Security Council were involved with particular renditions. But generally, they would indicate when they were moving someone to an area of jurisdiction or moving someone from outside the country into the country because of the need for prosecution.

Vice Chairman BOND. And you said we have transferred detainees to other countries for torture. Now, what information do you have about that. Did I misunderstand you?

Mr. PANETTA. Well, let me correct it in terms of—I have not seen specific information and I did not have access to specific information within the Agency that determined that was the case. Clearly, there have been indications that waterboarding was used in instances early on, and——

Vice Chairman BOND. In extraordinary renditions?

Mr. PANETTA. I don't know whether it took place in extraordinary renditions or not. But the indication has been that even Mike Hayden has basically admitted that——

Vice Chairman BOND. Well, they said three detainees were subjected to waterboarding.

Mr. PANETTA. That's correct. And I don't know whether there were other steps. Clearly, under the definition that was provided by the Attorney General in providing additional enhanced interrogation, that was something that obviously was used. And, as I said, it followed the legal opinion that was provided at the time. Whether those were done as parts of renditions or not, I don't know.

It is clear that there were black sites. It is clear that individuals were brought there. What happened there, you know, I can't tell you specifically what kind of actions were taken, but clearly steps were taken that prompted this President to basically say those things ought not to take place again.

Vice Chairman BOND. Well, we have been advised that no extraordinary renditions occurred during your period in the Clinton Administration, during the Bush Administration, if there was any doubt that—if there was any question that torture might be used.

But I want to go back to the assertion that there were renditions for torture. Are you saying now you have no information about that?

Mr. PANETTA. I'm saying that I can neither affirm or deny what took place, because I haven't had access to that information.

Vice Chairman BOND. Well, so you would have to withdraw your blanket statement.

Mr. PANETTA. I guess my understanding is that there were renditions to countries that engaged in certain behavior. I have not seen that evidence. I'm basically saying what I've read in the press.

Vice Chairman BOND. I think that's a lot different from making a blanket assertion. And I would hope you would make that clear, that you have no——

Mr. PANETTA. I will make clear, I have no official information from within that, in fact, those kinds of renditions took place.

Vice Chairman BOND. All right.

Now, in talking about disposition of detainees, Senator Bayh mentioned the problem of recidivism of some of the people who have been let loose from Guantanamo.

I believe the one person who went back to Saudi Arabia has now been claimed by al-Qa'ida as the deputy chief of operations for al-Qa'ida in the Horn of Africa. And I read in the papers today that Saudi Arabia has on their most wanted list, I believe—the news story, and again this was only from the news story—has 11 Guantanamo alumni on their most wanted list.

And I further understood that Saudi Arabia had what was regarded as one of the best rehabilitation programs of any of the countries to which we return their citizens whom we have captured on the battlefield.

Now, does that raise a question? You said we'd have to review it. I think that raises a question about the effectiveness.

Chairman FEINSTEIN. I understand. Your time is up. And I know others, if there is going to be a second round, would like to——

Mr. PANETTA. If I could respond to your question——

Vice Chairman BOND. I want to follow up but I do want to let others, if they have questions.

Mr. PANETTA. Well, you've raised obviously—I read the same stories and shared the same concern.

I do think that there are indications that they have probably a pretty effective rehab program that they go on. But the problem is that we have evidence that some of these individuals are making their way back to al-Qa'ida, and that concerns me. I think in making determinations about what happens to prisoners at Guantanamo we really do have to make a determination whether or not in fact any of these individuals can be rehabilitated before we send them there.

Chairman FEINSTEIN. If I may just, before calling on Senator Wyden, say one thing, it seems to me that maybe too we ought to look at some different criteria, like despite the fact that someone did not commit an offense against the United States but was picked up on the battlefield—if in fact they have been trained or participated in training with al-Qa'ida in the past, it may well put them in a different category, is what I have been seeing from looking at some of this material, where they remain a security threat because the intention is to go back to al-Qa'ida, no matter how long it takes.

Senator Wyden.

Senator WYDEN. Very briefly, Madam Chair, and I may have been out of the room when we got into this rendition issue as well, but I think that a fairly straightforward question gets at what I think your views have been, and that is, Mr. Panetta, do you believe that the U.S. has rendered people to a third country for purposes of torture?

Mr. PANETTA. I suspect that that's been the case.

Chairman FEINSTEIN. Speak up, please. I missed that.

Mr. PANETTA. I said I suspect that has been the case, that we have rendered individuals to other countries knowing that they would use certain techniques in order to get information from individuals that violated our own standards.

That's what I suspect. I don't have any evidence of that. I haven't looked at the information within the CIA to determine whether or not that took place. But every indication seems to be that we used this extraordinary rendition for that purpose.

Senator WYDEN. Okay. We'll want to talk with you some more about that in a classified kind of fashion.

I want to ask you one question about the Hamas and Gaza conflict. I mean, clearly this issue between Israeli forces and Hamas is going to be one of the major national security challenges facing the country. Now you've been out of the government for a while, and obviously you're going to get up to speed on it. What do you think, in terms of your current information on this, are the big challenges to understanding this problem?

Mr. PANETTA. Obviously this is an area that we really do need the very best intelligence that we can get with regards to what's taking place there.

And I'm afraid that what we really need to do is to develop much better intelligence about what's going on with Hamas, where the tunnels are located, what's taking place with regards to these tunnels, what is the information with regards to how Iran is or is not providing arms to Hamas in this effort.

I think we need to have the very best intelligence we can gather because if George Mitchell is to make a difference there, then he'd better have the best information we can provide as to what, in fact, is taking place.

Senator WYDEN. Thank you. Thank you, Madam Chair.

Chairman FEINSTEIN. Thank you very much.

It's my understanding that Senator Chambliss is on his way back. He is not yet here. Senator Hatch, I understand you have some questions.

Senator HATCH. I hate to keep you any longer, but if I could just ask a few questions, I'd appreciate it.

We in Congress have certain biases when it comes to—you know, when we think of reform, as a creature of Congress, I know that you've shared some of those biases from time to time that we have around here. When we try to reform a large agency like the CIA, we create boxes, we move boxes around.

And this is not to disparage, for example, the creation of the DNI, which I know is an initiative of our esteemed Chairman here. On the DNI to date, I still remain agnostic. But I have admired the most recent Directors and their contributions and look forward to working with our new Director.

But this is what Congress does, because creating new boxes in an organization chart and moving others around are things that we can dictate through legislation. The organizational culture is much harder to affect by legislation. It's changed from the outset by sustained oversight.

Now, in your view, is the organization and culture of the CIA the right one to face the threats of our lives today and the threats that may come in the future, or do you need to make some wholesale changes out there based upon what you do know at this point?

And if you don't feel like you can answer that question, that's okay.

Mr. PANETTA. No, I think based on what I've seen out there and the briefings that I've had, I really do think that the CIA has the tools necessary to deal with the threats that are there. What we have to ensure is that we are continuing to push to get the very best people involved in human intelligence. And it's my view that we have got to have people who are well trained, who understand the language, who understand the cultures, so that we can place these people in positions where we can get the very best human intelligence.

And I do think, while we have the tools, I think we still have to stress the kind of training, the kind of language training, the kind of diversity that would make the CIA much more effective in producing intelligence.

Senator HATCH. Thank you. I want to help you in this job and will do whatever I can to bring help to you.

Mr. PANETTA. I appreciate it, sir.

Senator HATCH. As you know, I support you.

And last Wednesday, members of the committee heard about allegations of gross—it's been raised, but I'm going to raise it again—gross illegality by a CIA employee serving in a Muslim country. Now, we did not learn about that from CIA. We learned about that from ABC News, which I think is pretty pathetic.

And then while we cannot and should not talk about an investigation that's under way, the manner in which this story unfolded was very troublesome to me, not only for the Legislative branch of government, which conducts CIA's oversight, but also, it blew back on the Executive as well, I think unfairly, in this case.

First on oversight, do you believe such a development as alleged in the story that I've alluded to is a "significant intelligence matter" to be briefed to the oversight Committee in a timely manner?

Mr. PANETTA. Absolutely.

Senator HATCH. Okay. Now, the repercussions for the administration. These allegations ran in the media less than 48 hours after President Obama conducted a major high-profile public diplomacy effort by taking an interview with Al–Arabiya, one of the largest media broadcasters in the whole Arab world. And while I would disagree with some of the rhetoric the President used in the interview, I commend him for granting the interview and trying to communicate over the heads of the leaders of the Middle East—and right to the publics, as well. Now, it was bold. And based on first impressions, I think it had a positive effect.

And then the CIA story comes out less than two days later. Now, I haven't seen substantive analysis of the impact, but it's not counterintuitive that such a story had to have dampened the effects of the President's efforts two days prior. And assuming the CIA couldn't control the release of the story on the allegations of gross illegality, but also assuming the CIA knew about this more than two days prior, what do you think they should have done to mitigate such conduct—or conflict, I should say?

Had you been the Director the last six months, what would you have done differently? And what will you do if such an event occurs on your watch? And how will you manage to control spillover effects on other executive policy efforts?

That's a lot of questions.

Mr. PANETTA. Senator, my understanding is that first information about this actually came to our attention some time back in October. And I think that was the time to have briefed the Congress and the committees as to that situation—A.

B, that person should have been immediately brought back.

I believe that he was relieved of duty at that time. But he was referred to the Justice Department for action. And as I said, I think the allegations were serious enough that he should have been terminated.

Senator HATCH. Thank you. My time is up.

Chairman FEINSTEIN. Thank you very much.

There are 12 minutes left on the first vote. Do you have additional questions?

Vice Chairman BOND. Yes, ma'am. I have a significant number of questions, and Senator Chambliss and others have indicated a desire to do it. I would propose that we follow your suggestion and reconvene at 10:00 in the morning.

Chairman FEINSTEIN. All right. That's fine with me if that's agreeable with Mr. Panetta.

Vice Chairman BOND. If that's all right, if that's convenient for Mr. Panetta. He's been very courteous.

Chairman FEINSTEIN. It is. And we will be in Hart 216 tomorrow morning, Mr. Panetta.

So I will recess the committee until 10:00 a.m. tomorrow morning for a hearing in Hart–216.

[Whereupon, at 4:41 p.m., the Committee recessed, to reconvene at 10:00 a.m., Friday, February 6, 2009.]

Supplemental Material

SELECT COMMITTEE ON INTELLIGENCE

UNITED STATES SENATE

QUESTIONNAIRE FOR COMPLETION BY PRESIDENTIAL NOMINEES

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

QUESTIONNAIRE FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART A - BIOGRAPHICAL INFORMATION

1. NAME: Leon Edward Panetta

2. DATE AND PLACE OF BIRTH: June 28, 1938, in Monterey, CA

3. MARITAL STATUS: Married

4. SPOUSE'S NAME: Sylvia Marie Panetta

5. SPOUSE'S MAIDEN NAME IF APPLICABLE: Varni

6. NAMES AND AGES OF CHILDREN:

NAME	AGE
[REDACTED]	

7. EDUCATION SINCE HIGH SCHOOL:

INSTITUTION	DATES ATTENDED	DEGREE RECEIVED	DATE OF DEGREE
Santa Clara University	1956-1960	B.A. in Political Science	1960
Santa Clara University	1960-1963	J.D.	1963

8. EMPLOYMENT RECORD (LIST ALL POSITIONS HELD SINCE COLLEGE, INCLUDING MILITARY SERVICE. INDICATE NAME OF EMPLOYER, POSITION, TITLE OR DESCRIPTION, LOCATION, AND DATES OF EMPLOYMENT.)

EMPLOYER	POSITION/TITLE	LOCATION	DATES

In addition to the compensated employment activities mentioned below, I conduct much of my independent writing (such as my column in recent years in the Monterey Herald), speaking (including my Washington Speakers Bureau work), and other professional business through Panetta & Associates, an unincorporated sole proprietorship. I receive no salary from Panetta & Associates, but I do receive through it honoraria for writing and speaking, and I pay my wife, Sylvia, a salary as its single employee.

Primary Compensated Positions

U.S. Army	Officer	various, incl. Ft. Benning	1964 to 1966
U.S. Sen. Thomas Kuchel	Legislative Assistant	Washington, D.C.	1966 to 1969
U.S. Dept. of Health, Education, of Welfare (HEW)	Sp. Asst. to Secretary	Washington, D.C.	1969
U.S. HEW, Office of Civil Rights	Director	Washington, D.C.	1969 to 1970
Mayor of New York City	Executive Assistant	Washington, D.C.	1970 to 1971
Panetta, Thompson, & Panetta	Partner (attorney)	Monterey, CA	1971 to 1976
U.S. House of Representatives	Member of Congress	Washington, D.C.	Jan. 1977 to Jan. 1993
Office of Management and Budget	Director	Washington, D.C.	Jan. 1993 to July 1994
The White House	Chief of Staff	Washington, D.C	July 1994 to Jan. 1997
Santa Clara University	Presidential Professor	Santa Clara, CA	Sept. 1998 to present
Cal. State U. System Chancellor	Distinguished Scholar	Monterey, CA	March 1997 to present

Other Paid Positions (note that dates are my best recollection)

Joint Ocean Commission Initiative (compensation from Meridian Institute)	Commissioner and Co-Chair (Director of Meridian Inst.)	2006 to present (since April 2008)
New York Stock Exchange	Director	June 1997 to June 2003
	Co-chairman, Corporate Accountability and Listing Standards Committee	2002 to 2003
Blue Shield of California	Director	2001 to present
Connetics Corp. (now Stiefel Laboratories)	Director	2000 to 2006
Fleishman-Hillard	Member, International Advisory Board	1998 to present
Corinthian Colleges, Inc.	Director	Sept. 2008 to present
BP Corp. North America, Inc.	Member of Advisory Board	2005 to present
Zenith Insurance Company	Director	2000 to present
California Forward	Co-Chair	2007 to present
IDT Corp.	Director	Sept. 2004 to Oct. 2006
Inns of Monterey LTD & Inns of Cannery Rd LTD	Director	Jan. 2003 to present
Pacific Maritime Association	Governmental Advisor	April 1998 to present

9. GOVERNMENT EXPERIENCE (INDICATE EXPERIENCE IN OR ASSOCIATION WITH FEDERAL, STATE, OR LOCAL GOVERNMENTS, INCLUDING ADVISORY, CONSULTATIVE, HONORARY, OR OTHER PART-TIME SERVICE OR POSITION. DO NOT REPEAT INFORMATION ALREADY PROVIDED IN QUESTION 8):

I have advised the Governor and legislature of California on budget process and gerrymandering as co-chair of California Forward.

I have met with, advised, and appeared before federal Executive and Legislative Branch officials on behalf of Joint Ocean Commission Initiative, National Marine Sanctuary Foundation, Monterey Bay Aquarium, the Iraq Study Group, and the Independent Task Force on Immigration and America's Future. In recent years I have also met with White House environmental advisors regarding ocean issues, and with OMB officials regarding the budget process. Finally, I have brought students in to meet with Bush White House Chiefs of Staff Card and Bolton as part of an internship program at Panetta Institute, through which young people intern with California's congressional delegation and get exposure to Washington.

See Question 13 for a summary of recent congressional testimony.

10. INDICATE ANY SPECIALIZED INTELLIGENCE OR NATIONAL SECURITY EXPERTISE YOU HAVE ACQUIRED HAVING SERVED IN THE POSITIONS DESCRIBED IN QUESTIONS 8 AND/OR 9.

As a Member of Congress, Chief of Staff to President Clinton, and member of the Iraq Study Group, I was a consumer of intelligence. As White House Chief of Staff I received the President's Daily Brief, and participated in all National Security Council meetings, at which intelligence products were routinely discussed. As a member of the ISG, I reviewed the analysis of the IC, and the views of current government officials informed by the IC's intelligence products, as I worked with my colleagues to craft a report setting out recommendations regarding Iraq. Finally, I would note that as Director of OMB I was responsible for reviewing all aspects of federal spending, including the IC's budget.

11. HONORS AND AWARDS (PROVIDE INFORMATION ON SCHOLARSHIPS, FELLOWSHIPS, HONORARY DEGREES, MILITARY DECORATIONS, CIVILIAN SERVICE CITATIONS, OR ANY OTHER SPECIAL RECOGNITION FOR OUTSTANDING PERFORMANCE OR ACHIEVEMENT):

As a Member of Congress, Executive Branch official in the Nixon and Clinton Administrations, and as a public figure since leaving government, I am honored to have received more awards and other recognitions from civic organizations than I can recall. Examples that we found while searching my files include:

1. *Army Commendation Medal*, 1966
2. *NEA Lincoln Award*, 1969
3. A. *Philip Randolph Award*, 1984
4. The Farm Bureau's *Golden Plow Award*, 1991
5. The American Council on the Teaching of Foreign Languages *President's Award*, 1991
6. *The Peter Burnett Award for Distinguished Public Service*, 1993
7. *The Distinguished Public Service Medal* from the Center for the Study of the Presidency, 1995
8. *The Special Achievement Award for Public Service* from the National Italian American Foundation, 1997
9. *John H. Chafee Coastal Stewardship Award*, 2001
10. *Special Achievement Award*, Santa Clara University School of Law Alumni Association, 2002
11. *Julius A. Stratton Award for Coastal Leadership*, 2003
12. *Exemplary Leadership Award* from the American Leadership Forum, Silicon Valley, 2004
13. Aquarium of the Pacific *Ocean Conservation Award*, 2006
14. *Lifetime Achievement Award* for the National Marine Sanctuary Foundation, 2006
15. Smithsonian Institution National Portrait Gallery *Paul Peck Presidential Award*, 2006
16. Natural Resources Defense Council *Forces for Nature Award*, 2007
17. National Hospice Foundation *Silver Anniversary Honoree*, 2007
18. *Lifetime of Service Award*, City Year Silicon Valley, 2007
19. *Distinguished Public Service Award*, Association of Jesuit Colleges and Universities, 2007
20. The Santa Clara University School of Law Social Justice and *Human Rights Award*, 2008

12. ORGANIZATIONAL AFFILIATIONS (LIST MEMBERSHIPS IN AND OFFICES HELD WITHIN THE LAST TEN YEARS IN ANY PROFESSIONAL, CIVIC, FRATERNAL, BUSINESS, SCHOLARLY, CULTURAL, CHARITABLE, OR OTHER SIMILAR ORGANIZATIONS):

The following are non-salaried positions in which I have served, although in some cases I was compensated for my necessary expenses associated with my work in the organization. Dates are to my best recollection.

ORGANIZATION	OFFICE HELD	DATES
Leon & Sylvia Panetta Institute for Public Policy, Cal. State U., Monterey Bay	Founder and Director	1998 to present
Pew Oceans Commission	Commissioner; Chairman 2000-3	2000 to 2006
Bread for the World	Director	2001 to present
National Marine Sanctuary Foundation	Director	2004 to present
Close Up Foundation	Director	1999 to present
Junior Statesmen Foundation Inc.	Trustee	April 2003 to present

Public Policy Institute of California	Director	July 2007 to present
U.S. Conference of Catholic Bishops	Member, National Review Board	July 2002 to November 2004
National Steinbeck Center	Director	1998 to 2001
U. C. Santa Cruz Foundation	Director	1998 to 2001
Santa Clara U. Law School Bd. of Visitors	Member	1998 to present
Santa Clara U. Board of Trustees	Member	2000 to present
Community Hospital of the Monterey Peninsula	Trustee	2000 to 2007
Center for National Policy	Chairman of the Board	1999 to 2003
Power Up	Director	1999 to 2000
Iraq Study Group	Member	2006
Task Force on Immigration and America's Future	Member	2005 to 2007
Monterey Bay Aquarium	Director	2004 to 2008
National Leadership Roundtable on Church Management	Director	2005 to present
Council on Base Support and Retention	Co-chair	2004 to 2005
Panel on the Non-Profit Sector	Member of Citizens Advisory Group	2005
Democratic Party	Member	since 1970s
Aspen Institute	Member, National Advisory Council for Aspen Rodel Fellowship Program;	Feb. 2005 to present
	Member, Aspen Security Group	March 2008 to present
Big Sur Land Trust	Co-Chair, Marks Ranch Advisory Committee	Feb. 2005 to May 2007
Bretton Woods Committee	Member	July 2001 to present
California Foundation on the Environment and the Economy	Director	January 2000 to present
Campaign for the Civic Mission of Schools	Member, National Advisory Committee	January 2006 to present
Caring Institute	Honorary Trustee	September 2001 to present
Center for the Study of the Presidency	Trustee	August 2008 to present
	Member, Strengthening America's Future Initiative Steering Committee	
	Member, National Commission to Unite a Divided America	
Children's Neurobiological Solutions	Member, Board of Advisors	September 2001 to present
Committee for a Responsible Federal Budget	Trustee	1999 to present
Committee for Economic Development	Member, Making Washington Work Committee	September 2006 to present
Commission on the Future of America's Veterans	Member, National Advisory Board	September 2006 to present
Committee on the Constitutional System	Co-chair	March 1999 to present
Competitive Clusters	Member, Leadership Council	April 2003 to present
Consortium for Ocean Leadership	Trustee	April 2008 to present
Council for Excellence in Government	Principal	August 2000 to present
Friends of Long Marine Lab	Honorary Director	March 2006 to present
Heartland Democracy Center	Selected Advisor	July 2007 to present
Meridian Institute	Director	April 2003 to present
National Commission on Federal Reform	Member	January 2001 to July 2001
Next Ten	Senior Advisor	October 2003 to present
Ocean Champions	Advisory Committee	May 2003 to present

Partnership for Public Service	Member, Advisory Board of Governors	August 2004 to present

13. PUBLISHED WRITINGS AND SPEECHES (LIST THE TITLES, PUBLISHERS, AND PUBLICATION DATES OF ANY BOOKS, ARTICLES, REPORTS, OR OTHER PUBLISHED MATERIALS YOU HAVE AUTHORED. ALSO LIST ANY PUBLIC SPEECHES YOU HAVE MADE WITHIN THE LAST TEN YEARS FOR WHICH THERE IS A TEXT OR TRANSCRIPT. TO THE EXTENT POSSIBLE, PLEASE PROVIDE A COPY OF EACH SUCH PUBLICATION, TEXT, OR TRANSCRIPT):

I wrote a book, *Bring Us Together: The Nixon Team and the Civil Rights Retreat* (1971).

As a Member of Congress and Executive Branch official I authored many articles, reports, and pieces of legislation, and gave innumerable speeches – too many to list or recall.

Following are publications since I left the White House, to the best of my recollection.

Commission Reports

- Iraq Study Group – As a member of the Study Group, I participated in the drafting of its final report in 2006, available at http://www.usip.org/isg/iraq_study_group_report/report/1206/index.html.
- Task Force on Immigration and America's Future – As a member of this commission, I participated in preparation of our 2006 report, available at http://www.migrationpolicy.org/ITFIAF/index.php.
- Pew Oceans Commission – I chaired the Commission, which released its report *America's Living Oceans: Charting a Course for Sea Change* in May 2003, available at http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Protecting_ocean_life/env_pew_oceans_final_report.pdf.
- National Review Board for the Protection of Children and Young People, of the United States Conference of Catholic Bishops – The Board, on which I served, released a number of studies, most notably *The Nature and Scope of the Problem of Sexual Abuse of Minors by Catholic Priests and Deacons in the United States*, March 2004, available at http://www.usccb.org/nrb/nrbstudy/nrbstudyhtml.htm.orig.
- New York Stock Exchange Corporate Accountability and Listing Standards Committee – I co-chaired this committee, which released a report in June 2002, available at http://www.nyse.com/pdfs/corp_govreport.pdf.

Book Chapters

- "The Politics of the Federal Budget Process," chapter in James A. Thurber, ed., *Rivals for Power: Presidential-Congressional Relations*, 2nd edition (2002), pp. 185-206.

Articles and Essays

2009

- Governance, Budgeting Require Full Overhauls - and We Can Do It, *The Sacramento Bee*, January 4, 2009

2008

- Obama's Ultimate Legacy Will Be Forged on Capitol Hill, *Roll Call*, January 20, 2008
- Beyond Winning, The Ability To Govern, *The San Francisco Chronicle*, November 9, 2008
- Obama Faces Challenges of Change, *The Monterey County Herald*, November 9, 2008, available at http://www.montereyherald.com/leonpanetta/ci_10941160.
- Who Bails Out The U.S. Government?, *The Christian Science Monitor*,

November 5, 2008
- What Binds America Is Values In Our Constitution, *The San Francisco Chronicle*, September 17, 2008
- Five Points for the Next President, *The Monterey County Herald*, September 7, 2008
- Protect Our Oceans, *San Jose Mercury News*, August 30, 2008
- Non-Profits Are the American Dream, *Commonfund*, Summer 2008
- Protecting the Jersey Shore Together, *New Jersey Times*, June 25, 2008
- If Leaders Can't Lead, the People Must, *The Monterey County Herald*, July 13, 2008, available at http://www.montereyherald.com/leonpanetta/ci_9868582.
- State Budget Process Crippled By Chronic Shortsightedness, *The Sacramento Bee*, June 22, 2008
- How Democrats Could Blow the Election, *The Monterey County Herald*, May 11, 2008
- Americans Reject Scare Tactics, *The Monterey County Herald*, March 9, 2008, available at http://www.montereyherald.com/leonpanetta/ci_8511876.
- No Torture, No Exceptions, *Washington Monthly*, February 18, 2008, available at http://findarticles.com/p/articles/mi_m1316/is_1-3_40/ai_n24966554/pg_28.
- We Need Real Change Not Campaign Talk, *The Monterey County Herald*, January 13, 2008, available at http://www.montereyherald.com/leonpanetta/ci_7959157.
- Room for Improvement in Our Waters, *The Washington Post*, January 7, 2008

2007

- In Support of the Law of the Sea, *The Washington Times*, December 19, 2007
- Bringing Order to the Ocean, *Boston Globe*, November 18, 2007
- What's Missing in '08 Run - Candidates' Core Beliefs Buried in Campaign Rhetoric, *The Monterey County Herald*, November 11, 2007
- "Surge" Not Working as Hoped, *The Monterey County Herald*, September 9, 2007
- An Empire in Decline, *The Monterey County Herald*, July 18, 2007
- Preserving the Ocean For Our Children, *The Good Times*, June 19, 2007
- Consensus on Iraq Exists – Build on It, *The Monterey County Herald*, May 13, 2007
- A Renaissance in Ocean Science, *Sea Technology Magazine*, April, 1, 2007
- Government a Plague of Incompetence, *The Monterey County Herald*, March 11, 2007
- What About Those Other Iraq Deadlines?, *The New York Times*, April 4, 2007
- States' Map For Saving The Oceans, *The Washington Post*, February 3, 2007
- The Wrong Message To Iraq, *The Monterey County Herald*, January 14, 2007.

2006

- A Last Chance for Consensus on Iraq, *The Monterey County Herald*, December 17, 2006
- The Iraq Study Group Report: The Way Forward - A New Approach, December 6, 2006
- Iraq Clock Ticking, *The Monterey County Herald*, December 6, 2006
- We Won. Now What?, *The New York Times*, November 12, 2006
- Now Parties Must Govern Together, *The Monterey County Herald*, November 12, 2006
- Time For a Budget Summit, *The San Francisco Chronicle*, November 5, 2006
- Facing Reality in Iraq, *The Monterey County Herald*, September 10, 2006
- Doing Justice: The Core of a Jesuit Education, *Explore*, Fall 2006
- Policy-makers should look to Californians for decisions, *The Monterey County Herald*, July 20, 2006
- "A republic…if you can keep it", *The Monterey County Herald*, July 9, 2006
- Price of Gas – Curse or Blessing, *The Monterey County Herald*, May 7, 2006

- Immigration Reform Challenging, *The Monterey County Herald*, March 12, 2006
- Lobby Reform is Overdue in Congress, *The Monterey County Herald*, January 15, 2006
- Immigration and America's Future: A New Chapter, Report of the Independent Task Force on Immigration and America's Future, 2006

2005

- After the Hurricane: What will we learn from Katrina?, *The Monterey County Herald*, September 11, 2005
- Looking for Honesty in Our Leaders, *The Monterey County Herald*, June 10, 2005
- Where is the Battle for Ideas?, *The Monterey County Herald*, May 8, 2005
- California: The Key to Transforming America's Military, The Report of the California Council on Base Support and Retention, April 7, 2005
- California is Key to Transformation of Nation's Defense, *The San Francisco Chronicle*, March 28, 2005
- Time for a Party That Can Govern, *The Monterey County Herald*, March 13, 2005
- The Vulnerability of Modern Society, *The Monterey County Herald*, January 16, 2005
- New Commerce Chief Must Protect Collapsing Oceans, *The Monterey County Herald*, January 12, 2005
- *Rivals for Power: Presidential Congressional Relations*, edited by James Thurber, 2005

2004

- Political Crossroads: Heal or Divide, *The Monterey County Herald*, November 7, 2004
- Healing the Nation, *The San Francisco Chronicle*, October 25, 2004
- Pick a Message, Any Message, *The New York Times*, September 19, 2004
- The Price of Truth, *The Monterey County Herald*, September 12, 2004
- The State of Democracy in America, *The Monterey County Herald*, July 11, 2004
- American Democracy at Risk, *The Monterey County Herald*, May 9, 2004
- Déjà vu all Over Again in Washington, *The Monterey County Herald* March 7, 2004
- A Report On the Crisis in the Catholic Church in the United States, National Review Board for the Protection of Children and Young People, February 27, 2004
- Federal Deficit A Nightmare For Our Children, *The San Jose Mercury News*, February 8, 2004
- Talking with Americans, *The Globe and Mail*, (Canada), February 5, 2004
- From Athens to Iowa: Let The Games Begin, *The Monterey County Herald*, January 11, 2004

2003

- Reform Must Follow Recall, *The Monterey County Herald*, November 16, 2003
- Summer of Our Discontent, *The Monterey County Herald*, September 7, 2003
- Saving Our Seas Requires Leadership at Home and Abroad, *Ambassador Review*, Fall 2003
- This is Direct Democracy Run Amok, *The Los Angeles Times*, July 27, 2003
- Mortgaging Our Children's Future, *The Monterey County Herald*, July 13, 2003
- America's Living Oceans - Charting a Course for Sea Change: Summary Report Recommendations for a New Ocean Policy, Pew Oceans Commission, May 2003
- The End of Fighting—But What Is Victory?, *The Monterey County Herald*, May 11, 2003
- The Deafening Sound of Silence, *The Monterey County Herald*, March 9, 2003
- The Economy Needs Certainty, Not Stimulus, *The Monterey County Herald*, January 12, 2003
- Lessons Not Learned: California's $35 Billion in Red Ink Calls for Fearless Leaders, *The San Jose Mercury News*, January 12, 2003

2002

- But Can They Govern?, *The Monterey County Herald*, November 10, 2002
- Did September 11 Really Change America?, *The Monterey County Herald*, September 1, 2002
- Restoring Trust in Corporate America, *The Monterey County Herald*, July 14, 2002
- Washington Turf Wars Take Teeth Away from Ridge's Office, *The Monterey County Herald*, May 12, 2002
- Ocean Dimension of Earth Day, *The Washington Times*, April 22, 2002
- A Time to Ask "Who Can We Trust?", *The Monterey County Herald* March 10, 2002
- Can Congress Discipline Itself?, *The New York Times*, February 8, 2002
- Davis' Budget Has Flaws, but Works, *Los Angeles Times*, February 5, 2002
- Did Sept. 11 Change Washington?, *The Monterey County Herald*, January 20, 2002

2001

- The Attack on Our Economic Security, *Roll Call*, December 2001
- America Must Not Lose Focus in Its War on Terrorism, *The Monterey County Herald*, November 11, 2001
- The Politics of Geography, *The San Jose Mercury News*, September 10, 2001
- The Price of 'Spin' Versus the 'Truth', *The Monterey County Herald*, September 9, 2001
- Back to 'Borrow and Spend', *The Monterey County Herald*, July 8, 2001
- Reinventing the Energy Wheel, *Christian Science Monitor*, May 18, 2001
- A Nation of All, Not of One?, *The Monterey County Herald*, May 13, 2001
- You Can't Fool All the People All the Time, *The Monterey County Herald*, March 18, 2001
- The Clinton Paradox, *The San Jose Mercury News*, January 1, 2001
- To Succeed As President, Bush Must Learn from Lessons of the Past, *The Monterey County Herald*, January 1, 2001
- To Assure Pride and Confidence in the Electoral Process, Report for the National Commission on Federal Election Reform, 2001
- *Rivals for Power: Presidential Congressional Relations*, edited by James Thurber, 2001

2000

- Time for a Bush-Gore Summit, *The New York Times*, November 14, 2000
- Can He Govern, *The Monterey County Herald*, November 12, 2000
- Big Money Undermines Democracy, *The San Jose Mercury News*, October 15, 2000
- Modern Political Conventions are All Script, No Drama, *The San Jose Mercury News*, July 30, 2000
- High Cost of Housing Threatens Economy, *The Monterey County Herald*, July 9, 2000
- A Government By and For All the People, *Buon Giornio*, June/July 2000
- The Initiative Process? Undermining our Representatives, *The Monterey County Herald*, May 14, 2000
- What Went Wrong With Reformers?, *The Monterey County Herald*, March 12, 2000
- The Key to the Last Century is the Key to the Next, *The Monterey County Herald*, January 9, 2000

1999

- Not a Time for Jokers or Games, *The Monterey County Herald*,

November 14, 1999

- Young Bush's Credibility is on the Line, *The Monterey County Herald*, September 12, 1999
- How Congress Was Cornered, *The New York Times*, October 21, 1999,
- The Wide Open Race for Money, *The Monterey County Herald*, July 11, 1999
- How Not to Spend the Surplus, *The New York Times*, June 30, 1999
- Service in the Age of Information, *The Monterey County Herald*, May 21, 1999
- What the Hell is this War Really About?, *The Monterey County Herald*, May 16, 1999
- A National Nightmare is Ended...Or is it?, *The Los Angeles Times*, February 14, 1999
- Impeachment has Weakend the Appeal of Public Service for Young Americans, *The Monterey County Herald*, January 7, 1999

1998

- Time to Rise Above Petty Politics, *The Monterey County Herald*, November 8, 1998
- Censure Makes Sense, *The Washington Post*, September 17, 1998
- Putting the Surplus, if Any, to Work, *The New York Times*, January 9, 1998.

1997

- The True Balance Of Power, *The New York Times*, February 2, 1997

Testimony

April 27, 1999	Testimony before U.S. Senate Energy Committee**
March 16, 2000	Testimony (via video conference) before U.S. House Rules Committee
June 27, 2001	Testimony before U.S. House Budget Committee**
November 13, 2001	Testimony before U.S. Commission on Ocean Policy
October 30, 2002	Testimony before U.S. Commission on Ocean Policy
February 12, 2003	Testimony before U.S. Senate Finance Committee**
November 5, 2003	Testimony before California State Assembly hearing of Select Committee on National Defense, Technology and Jobs
December 8, 2004	Testimony before the California Little Hoover Commission (an independent state government oversight agency)
April 5, 2005	Testimony before the U.S. Senate Finance Committee, on charitable giving**
January 26, 2006	Testimony before the Little Hoover Commission, regarding California's emergency preparedness
August 3, 2006	Testimony before hearing of U.S. Senate Committee on Commerce regarding ocean issues
March 29, 2007	Testimony before hearing of the U.S. House Natural Resources Fisheries, Wildlife and Oceans subcommittee
October 31, 2007	Testimony before U.S. Senate Budget Committee, on S. 2063, creating a bipartisan Task Force on Responsible Fiscal Action, available at http://budget.senate.gov/democratic/testimony/2007/Panetta103107.pdf
June 18, 2008	Testimony before hearing of the U.S. House Subcommittee on Fisheries, Wildlife and Oceans regarding reauthorization of the National Marine Sanctuaries Act

**Transcript on file at Panetta Institute

Speeches

I usually speak extemporaneously, with the barest of handwritten notes. The following are speeches for which I did the most preparation, or of which there may be a transcript or recording, to the best of my recollection. I have noted where a record is available, and the format. In most cases, transcripts and video recordings may be obtained from the Panetta Institute upon request.

Year	Audience and Subject	Available Format
October 6, 2000	Santa Clara University *Commitment to Justice in Jesuit Higher Education* address re: *Promoting Educational Leadership in our Democracy*	Live webcast
February 10, 2000	Michigan State University *Michigan Political Leadership Program* address	Video recording
September 22, 2000	Sacramento Metropolitan Chamber of Commerce address	Video recording
October 24, 2000	Brentwood School address	Video recording
January 30, 2001	Callan Investments Institute address	Video recording
October 21, 2001	Coastal America *Chafee Award* acceptance address	Video recording
February 22, 2002	California Superintendents of Schools Associations Curriculum and Instruction Leadership Symposium address	Audio recording
November 14, 2002	World Affairs Council forum on *Restoring Trust in Corporate America*	Recorded for TV and webcast
February 27, 2003	Commonwealth Club of California address re: *Renewing Democratic Civil Society*	Website
October 21, 2003	Biennial State of the Estuary Conference address re: *Protecting Our Resources – The Challenges of Stewardship*	Transcript (part)
November 12, 2003	The Changing Nature of the House Speakership: *The Cannon Centenary Conference*	Video recording
January 29, 2004	Pacific Environment address re: marine conservation	Transcript
February 5, 2004	C. Warren Goldring Annual Lecture on Canada-U.S. Relations sponsored by the Canada Center at the Woodrow Wilson Center and the Canada Institute on North American Issues: *The Challenge in Washington: Governing by Leadership or Crisis*	Transcript
May 14, 2004	Santa Clara University *Sins Against the Innocent: Sexual Abuse by Priests and the Role of the Catholic Church*	Transcript
2004 (?)	Healthcare in the Digital Age	Video (CSPAN)
March 4, 2005	Advanced Medical Technology Association address	Video recording
June 9, 2005	CQ Forum: What's Next for Health Care? Beyond Medicare's Prescription Drug Benefit	Tran. on website

October 19, 2005	Commonwealth Club of California editorial board roundtable *Voices of Reform*	Transcript
October 28, 2005	Cal Poly San Luis Obispo *Provocative Perspectives Distinguished Speakers Series* address re: leadership and contemporary issues	website
March 12, 2006	Commonfund address	Video recording
June 13, 2006	National Marine Sanctuary Foundation *Leadership Awards Dinner* video tribute to Leon Panetta	Video recording
January 9, 2007	CSU Monterey Bay Master of Public Policy open house address	Video recording
March 13, 2007	Committee for a Responsible Federal Budget annual conference and dinner	Video and tran. on website
April 2, 2007	*Marine Economy Forum* co-hosted by Roger Williams University and the New England Council	Video recording
May 31, 2007	Santa Clara University *President's Speakers Series: Is There Light at the End of the Tunnel?* address regarding the report of The Iraq Study Group	Video on website
October 23, 2007	Union University scholarship banquet video introduction of Panetta	Video recording
November 10, 2007	Panetta Institute *Jefferson-Lincoln Awards: An Evening to Honor Lives of Public Service*	Cable TV
November 29, 2007	National Marine Sanctuary Program West Coast Regional Office Sustainable Tourism Symposium: *Monterey Bay – Riding the Wave*	Video recording
March 10, 2008	Commonfund address	Video recording
April 2, 2008	Committee for a Responsible Federal Budget annual roundtable and dinner	Video and tran. on website
April 11, 2008	Center for the Study of the Presidency address re: challenges facing the next president	Summary of remarks
May 8, 2008	Panetta Institute Monterey County Reads *Volunteer Recognition Ceremony* remarks	Video recording
May 20, 2008	Committee for a Responsible Federal Budget forum: *Toward Fiscal Responsibility*	Video and tran. on website
September 9, 2008	Carlyle Investment Management, LLC	Video recording
September 15, 2008	Smithsonian Institution forum: *An Evening with the Presidential Chiefs of Staff*	Video recording
September 24, 2008	California Forward forum: *Getting Past Gridlock – Achieving Budget Reform*	Video broadcast (Cal. Channel)

October 8, 2008	Committee for a Responsible Federal Budget forum: *What Comes Next? The Economic and Budgetary Consequences of the Bailout*	Video and tr. on website
November 6, 2008	California Credit Union League address	Video recording
November 7, 2008 (website posting)	Brookings Institution *Memos to the President* forum	Transcript
November 18, 2008	Governors' Global Climate Change Summit: *Finding Solutions Through Regional and Global Action*	Video (webcast)

Additionally, I have often made a short introduction for speakers who participate in the Panetta Lecture Series at the Panetta Institute and then moderated discussion. A list of recordings of many of these events may be found on the Panetta Institute's website at http://www.panettainstitute.org.

PART B - QUALIFICATIONS

14. QUALIFICATIONS (DESCRIBE WHY YOU BELIEVE YOU ARE QUALIFIED TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED):

I have been a consumer of intelligence throughout my career. As White House Chief of Staff I received the President's Daily Brief, participated in National Security Council meetings, and assisted the President has he supervised the IC. Before my White House service, I served in the U.S. Congress from 1977 to 1993. As a member of the Iraq Study Group in 2006, I reviewed wartime intelligence.

My years in public service afford me an advanced understanding of how our federal government works and the particular leadership and management challenges faced by senior administration officials. I have both managed the Executive Branch at its apex in the White House and carried out policy at the most junior officer ranks of the U.S. Army. In Congress, I served in the branch of the federal government most immediately accountable to the American people and acquired insight into how Executive Branch decisionmaking is understood and received by the Legislative Branch. I have also written and taught regarding public policy at the college level. Together, these experiences will enable me to know, from day one, how to manage successfully a large organization such as CIA and advocate effectively at the highest levels for the people and mission of the CIA.

Additionally, I would note that budgeting for intelligence activities is unusually challenging due to the necessities of classification and appropriation of funds via the Defense Department. Having served as Chairman of the House Budget Committee and Director of OMB, where I was responsible for reviewing all aspects of federal spending including the IC's budget, if confirmed I will be well prepared to oversee CIA expenditures and work with other administration officials and Congress to ensure the CIA is properly resourced.

Finally, my nomination reflects the President's commitment to a course correction in intelligence. Together with the President and Admiral Blair, I am a member of a new intelligence team that regards as top priorities the repair and enhancement of the Congressional – IC – White House relationship, a renewed commitment to the rule of law in all IC activities, and leadership of the IC by officials willing to speak truth to power.

PART C - POLITICAL AND FOREIGN AFFILIATIONS

15. POLITICAL ACTIVITIES (LIST ANY MEMBERSHIPS OR OFFICES HELD IN OR FINANCIAL CONTRIBUTIONS OR SERVICES RENDERED TO, ANY POLITICAL PARTY, ELECTION COMMITTEE, POLITICAL ACTION COMMITTEE, OR INDIVIDUAL CANDIDATE DURING THE LAST TEN YEARS):

I am a member of the Democratic Party, and have made campaign contributions to a number of campaigns, including the Gore-Lieberman presidential ticket in 2000, the Kerry-Edwards ticket in 2004, Senators Feinstein and Boxer in their California races, my U.S. House successor Rep. Sam Farr, and California state assembly candidates. I do not recall the amounts but they were not particularly large.

16. CANDIDACY FOR PUBLIC OFFICE (FURNISH DETAILS OF ANY CANDIDACY FOR ELECTIVE PUBLIC OFFICE):

I successfully ran for the U.S. House of Representatives in California every two years from 1976 to 1992, in the 16th (1976 to 1990) and 17th (1992) congressional districts.

17. FOREIGN AFFILIATIONS

(NOTE: QUESTIONS 17A AND B ARE NOT LIMITED TO RELATIONSHIPS REQUIRING REGISTRATION UNDER THE FOREIGN AGENTS REGISTRATION ACT. QUESTIONS 17A, B, AND C DO NOT CALL FOR A POSITIVE RESPONSE IF THE REPRESENTATION OR TRANSACTION WAS AUTHORIZED BY THE UNITED STATES GOVERNMENT IN CONNECTION WITH YOUR OR YOUR SPOUSE'S EMPLOYMENT IN GOVERNMENT SERVICE.)

A. HAVE YOU OR YOUR SPOUSE EVER REPRESENTED IN ANY CAPACITY (E.G. EMPLOYEE, ATTORNEY, OR POLITICAL/BUSINESS CONSULTANT), WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

No.

B. HAVE ANY OF YOUR OR YOUR SPOUSE'S ASSOCIATES REPRESENTED, IN ANY CAPACITY, WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

No.

C. DURING THE PAST TEN YEARS, HAVE YOU OR YOUR SPOUSE RECEIVED ANY COMPENSATION FROM, OR BEEN INVOLVED IN ANY FINANCIAL OR BUSINESS TRANSACTIONS WITH, A FOREIGN GOVERNMENT OR ANY ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE PROVIDE DETAILS.

No.

D. HAVE YOU OR YOUR SPOUSE EVER REGISTERED UNDER THE FOREIGN AGENTS REGISTRATION ACT? IF SO, PLEASE PROVIDE DETAILS.

No.

18. DESCRIBE ANY LOBBYING ACTIVITY DURING THE PAST TEN YEARS, OTHER THAN IN AN OFFICIAL U.S. GOVERNMENT CAPACITY, IN WHICH YOU OR YOUR SPOUSE HAVE ENGAGED FOR THE PURPOSE OF DIRECTLY OR INDIRECTLY INFLUENCING THE PASSAGE, DEFEAT, OR MODIFICATION OF FEDERAL LEGISLATION, OR FOR THE PURPOSE OF AFFECTING THE ADMINISTRATION AND EXECUTION OF FEDERAL LAW OR PUBLIC POLICY.

See my answer to question 9 for advisory activities.

Additionally, I registered as a lobbyist in March 1998 as a lobbyist for the Seismic Safety Coalition, advocating on behalf of member Lincoln Electric Co. regarding liability stemming from a 1994 earthquake in California.

PART D - FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST

19. DESCRIBE ANY EMPLOYMENT, BUSINESS RELATIONSHIP, FINANCIAL TRANSACTION, INVESTMENT, ASSOCIATION, OR ACTIVITY (INCLUDING, BUT NOT LIMITED TO, DEALINGS WITH THE FEDERAL GOVERNMENT ON YOUR OWN BEHALF OR ON BEHALF OF A CLIENT), WHICH COULD CREATE, OR APPEAR TO CREATE, A CONFLICT OF INTEREST IN THE POSITION TO WHICH YOU HAVE BEEN NOMINATED.

None.

20. DO YOU INTEND TO SEVER ALL BUSINESS CONNECTIONS WITH YOUR PRESENT EMPLOYERS, FIRMS, BUSINESS ASSOCIATES AND/OR PARTNERSHIPS, OR OTHER ORGANIZATIONS IN THE EVENT THAT YOU ARE CONFIRMED BY THE SENATE? IF NOT, PLEASE EXPLAIN.

Yes, upon confirmation I will resign from all positions in which I serve as a trustee, director, principal, co-chair, professor, and distinguished scholar.

Also, upon confirmation I will resign from my position as co-Director of The Leon & Sylvia Panetta Institute for Public Policy, and this entity will change its name to The Panetta Institute for Public Policy. Following my resignation, my spouse will continue to serve as the Director of The Panetta Institute for Public Policy. As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of The Panetta Institute for Public Policy, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I also will not participate personally and substantially in any particular matter involving specific parties in which a former client of mine is a party or represents a party for a period of one year after I last provided service to that client, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). In addition, my spouse has agreed that, for the duration of my appointment as Director, she will not communicate directly with the Central Intelligence Agency on behalf of The Panetta Institute for Public Policy or any client.

21. DESCRIBE THE FINANCIAL ARRANGEMENTS YOU HAVE MADE OR PLAN TO MAKE, IF YOU ARE CONFIRMED, IN CONNECTION WITH SEVERANCE FROM YOUR CURRENT POSITION. PLEASE INCLUDE SEVERANCE PAY, PENSION RIGHTS, STOCK OPTIONS, DEFERRED INCOME ARRANGEMENTS, AND ANY AND ALL COMPENSATION THAT WILL OR MIGHT BE RECEIVED IN THE FUTURE AS A RESULT OF YOUR CURRENT BUSINESS OR PROFESSIONAL RELATIONSHIPS.

In connection with the nomination process, I have consulted with the Office of Government Ethics (OGE) and the Office of the Central Intelligence Agency's (CIA's) designated agency ethics official to identify any potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of the ethics agreement that I have entered into with the CIA's designated agency ethics official.

As indicated on Schedule C-II of the SF278 form I am filing with OGE, I will retain my investments through my interest in Leon E. Panetta 401k Profit-Sharing Plan; all of my IDT restricted stock will vest within the next 90 days; following my resignation from Zenith Insurance Company, Zenith will accelerate the vesting of my restricted stock in accordance with company policy.

22. DO YOU HAVE ANY PLANS, COMMITMENTS, OR AGREEMENTS TO PURSUE OUTSIDE EMPLOYMENT, WITH OR WITHOUT COMPENSATION, DURING YOUR SERVICE WITH THE GOVERNMENT? IF SO, PLEASE PROVIDE DETAILS.

No.

23. AS FAR AS CAN BE FORESEEN, STATE YOUR PLANS AFTER COMPLETING GOVERNMENT SERVICE. PLEASE SPECIFICALLY DESCRIBE ANY AGREEMENTS OR UNDERSTANDINGS, WRITTEN OR UNWRITTEN, CONCERNING EMPLOYMENT AFTER LEAVING GOVERNMENT SERVICE. IN PARTICULAR, DESCRIBE ANY AGREEMENTS, UNDERSTANDINGS, OR OPTIONS TO RETURN TO YOUR CURRENT POSITION.

No specific arrangements have been made or discussed.

24. IF YOU ARE PRESENTLY IN GOVERNMENT SERVICE, DURING THE PAST FIVE YEARS OF SUCH SERVICE, HAVE YOU RECEIVED FROM A PERSON OUTSIDE OF GOVERNMENT AN OFFER OR EXPRESSION OF INTEREST TO EMPLOY YOUR SERVICES AFTER YOU LEAVE GOVERNMENT SERVICE? IF YES, PLEASE PROVIDE DETAILS.

This does not apply; I have not been in government service during the past five years.

25. IS YOUR SPOUSE EMPLOYED? IF YES AND THE NATURE OF THIS EMPLOYMENT IS RELATED IN ANY WAY TO THE POSITION FOR WHICH YOU ARE SEEKING CONFIRMATION, PLEASE INDICATE YOUR SPOUSE'S EMPLOYER, THE POSITION, AND THE LENGTH OF TIME THE POSITION HAS BEEN HELD. IF YOUR SPOUSE'S EMPLOYMENT IS NOT RELATED TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED, PLEASE SO STATE.

My wife's position at the Panetta Institute is not related to the position for which I have been nominated.

26. LIST BELOW ALL CORPORATIONS, PARTNERSHIPS, FOUNDATIONS, TRUSTS, OR OTHER ENTITIES TOWARD WHICH YOU OR YOUR SPOUSE HAVE FIDUCIARY OBLIGATIONS OR IN WHICH YOU OR YOUR SPOUSE HAVE HELD DIRECTORSHIPS OR OTHER POSITIONS OF TRUST DURING THE PAST FIVE YEARS.

The dates entered below represent my best recollection.

NAME OF ENTITY	POSITION	DATES HELD	SELF OR SPOUSE
New York Stock Exchange	Director	1997 to 2003	all self
Blue Shield of California	Director	2001 to present	
Connetics	Director	2000 to 2007	
Corinthian Colleges, Inc.	Director	Sept. 2008 to present	
Zenith Insurance	Director	2000 to present	
California Forward	Co-Chair	2007 to present	
Leon & Sylvia Panetta Institute for Public Policy, Cal. State U., Monterey Bay	Founder and Director	1998 to present	
Pew Oceans Commission	Commissioner	2003 to 2006	
Bread for the World	Director	2001 to present	
National Marine Sanctuary Foundation	Director	2004 to present	
Close Up Foundation	Director	1999 to present	
Junior Statesmen Foundation Inc.	Trustee	2004 to present	

Public Policy Institute of California	Director	2007 to present
Santa Clara U. Law School Board of Visitors	Member	1998 to present
Santa Clara U. Board of Trustees	Member	2000 to present
Community Hospital of the Monterey Peninsula	Trustee	2000 to 2007
Monterey Bay Aquarium	Director	2004 to 2008
IDT Corp.	Director	2004-6
Inns of Monterey	Director	Jan. 2003 to present
California Foundation on the Environment and the Economy	Director	January 2000 to present
Caring Institute	Trustee	September 2001 to present
Center for the Study of the Presidency	Trustee	August 2008 to present
Committee on the Constitutional System	Co-Chair	March 1999 to present
Consortium for Ocean Leadership	Trustee	April 2008 to present
Council for Excellence in Government	Principal	August 2000 to present
Meridian Institute	Director	April 2003 to present
Pacific Maritime Association	Governmental Advisor	April 1998 to present

27. LIST ALL GIFTS EXCEEDING $100 IN VALUE RECEIVED DURING THE PAST FIVE YEARS BY YOU, YOUR SPOUSE, OR YOUR DEPENDENTS. (NOTE: GIFTS RECEIVED FROM RELATIVES AND GIFTS GIVEN TO YOUR SPOUSE OR DEPENDENT NEED NOT BE INCLUDED UNLESS THE GIFT WAS GIVEN WITH YOUR KNOWLEDGE AND ACQUIESCENCE AND YOU HAD REASON TO BELIEVE THE GIFT WAS GIVEN BECAUSE OF YOUR OFFICIAL POSITION.)

My wife and I have received gifts from friends and colleagues and I have received gifts in connection with speaking engagements and board positions. Some – such as gift baskets, plaques and other awards, and golf jackets – may have been priced at over $100. Others – such as mugs, t-shirts, and pens – likely were worth less than $100. I recall few of them, do not recall any being of any great value, and did not keep a list. As Director of the CIA, I would not be influenced in any respect by having received them.

28. LIST ALL SECURITIES, REAL PROPERTY, PARTNERSHIP INTERESTS, OR OTHER INVESTMENTS OR RECEIVABLES WITH A CURRENT MARKET VALUE (OR, IF MARKET VALUE IS NOT ASCERTAINABLE, ESTIMATED CURRENT FAIR VALUE) IN EXCESS OF $1,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE A OF THE DISCLOSURE FORMS OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CURRENT VALUATIONS ARE USED.)

DESCRIPTION OF PROPERTY	VALUE	METHOD OF VALUATION

I incorporate by reference Schedule A of the SF278 form of the Office of Government Ethics.

29. LIST ALL LOANS OR OTHER INDEBTEDNESS (INCLUDING ANY CONTINGENT LIABILITIES) IN EXCESS OF $10,000. EXCLUDE A MORTGAGE ON YOUR PERSONAL RESIDENCE UNLESS IT IS RENTED OUT, AND LOANS SECURED BY AUTOMOBILES, HOUSEHOLD FURNITURE, OR APPLIANCES. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE C OF THE DISCLOSURE FORM OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CONTINGENT LIABILITIES ARE ALSO INCLUDED.)

NATURE OF OBLIGATION	NAME OF OBLIGEE	AMOUNT

None.

30. ARE YOU OR YOUR SPOUSE NOW IN DEFAULT ON ANY LOAN, DEBT, OR OTHER FINANCIAL OBLIGATION? HAVE YOU OR YOUR SPOUSE BEEN IN DEFAULT ON ANY LOAN, DEBT, OR OTHER FINANCIAL OBLIGATION IN THE PAST TEN YEARS? HAVE YOU OR YOUR SPOUSE EVER BEEN REFUSED CREDIT OR HAD A LOAN APPLICATION DENIED? IF THE ANSWER TO ANY OF THESE QUESTIONS IS YES, PLEASE PROVIDE DETAILS.

No.

31. LIST THE SPECIFIC SOURCES AND AMOUNTS OF ALL INCOME RECEIVED DURING THE LAST FIVE YEARS, INCLUDING ALL SALARIES, FEES, DIVIDENDS, INTEREST, GIFTS, RENTS, ROYALTIES, PATENTS, HONORARIA, AND OTHER ITEMS EXCEEDING $200. (COPIES OF U.S. INCOME TAX RETURNS FOR THESE YEARS MAY BE SUBSTITUTED HERE, BUT THEIR SUBMISSION IS NOT REQUIRED.)

Please see attached table prepared by my accountant.

	200_	200_	200_	200_	200_
SALARIES					
FEES					
ROYALTIES		REDACTED			
DIVIDENDS					
INTEREST					
GIFTS					
RENTS					
OTHER					
TOTAL					

32. IF ASKED, WILL YOU PROVIDE THE COMMITTEE WITH COPIES OF YOUR AND YOUR SPOUSE'S FEDERAL INCOME TAX RETURNS FOR THE PAST THREE YEARS?

Yes. My wife and I file jointly.

33. LIST ALL JURISDICTIONS IN WHICH YOU AND YOUR SPOUSE FILE ANNUAL INCOME TAX RETURNS.

The United States (federal) and California (state).

34. HAVE YOUR FEDERAL OR STATE TAX RETURNS BEEN THE SUBJECT OF AN AUDIT, INVESTIGATION, OR INQUIRY AT ANY TIME? IF SO, PLEASE PROVIDE DETAILS, INCLUDING THE RESULT OF ANY SUCH PROCEEDING.

No.

35. IF YOU ARE AN ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL, PLEASE LIST ALL CLIENTS AND CUSTOMERS WHOM YOU BILLED MORE THAN $200 WORTH OF SERVICES DURING THE PAST FIVE YEARS. ALSO, LIST ALL JURISDICTIONS IN WHICH YOU ARE LICENSED TO PRACTICE.

I am licensed to practice law in California, but my license is presently in inactive status. I have not had any law clients in the past five years.

36. DO YOU INTEND TO PLACE YOUR FINANCIAL HOLDINGS AND THOSE OF YOUR SPOUSE AND DEPENDENT MEMBERS OF YOUR IMMEDIATE HOUSEHOLD IN A BLIND TRUST? IF YES, PLEASE FURNISH DETAILS. IF NO, DESCRIBE OTHER ARRANGEMENTS FOR AVOIDING ANY POTENTIAL CONFLICTS OF INTEREST.

In connection with the nomination process, I have consulted with the Office of Government Ethics (OGE) and the Office of the Central Intelligence Agency's (CIA's) designated agency ethics official to identify any potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of the ethics agreement that I have entered into with the CIA's designated agency ethics official.

37. IF APPLICABLE, ATTACH THE LAST THREE YEARS OF ANNUAL FINANCIAL DISCLOSURE FORMS YOU HAVE BEEN REQUIRED TO FILE WITH YOUR AGENCY, DEPARTMENT, OR BRANCH OF GOVERNMENT.

Not applicable; I have not been required to file financial disclosure forms with the government in the last three years.

PART E - ETHICAL MATTERS

38. HAVE YOU EVER BEEN THE SUBJECT OF A DISCIPLINARY PROCEEDING OR CITED FOR A BREACH OF ETHICS OR UNPROFESSIONAL CONDUCT BY, OR BEEN THE SUBJECT OF A COMPLAINT TO, ANY COURT, ADMINISTRATIVE AGENCY, PROFESSIONAL ASSOCIATION, DISCIPLINARY COMMITTEE, OR OTHER PROFESSIONAL GROUP? IF SO, PROVIDE DETAILS.

No.

39. HAVE YOU EVER BEEN INVESTIGATED, HELD, ARRESTED, OR CHARGED BY ANY FEDERAL, STATE, OR OTHER LAW ENFORCEMENT AUTHORITY FOR VIOLATION OF ANY FEDERAL STATE, COUNTY, OR MUNICIPAL LAW, REGULATION, OR ORDINANCE, OTHER THAN A MINOR TRAFFIC OFFENSE, OR NAMED AS A DEFENDANT OR OTHERWISE IN ANY INDICTMENT OR INFORMATION RELATING TO SUCH VIOLATION? IF SO, PROVIDE DETAILS.

No.

40. HAVE YOU EVER BEEN CONVICTED OF OR ENTERED A PLEA OF GUILTY OR NOLO CONTENDERE TO ANY CRIMINAL VIOLATION OTHER THAN A MINOR TRAFFIC OFFENSE? IF SO, PROVIDE DETAILS.

No.

41. ARE YOU PRESENTLY OR HAVE YOU EVER BEEN A PARTY IN INTEREST IN ANY ADMINISTRATIVE AGENCY PROCEEDING OR CIVIL LITIGATION? IF SO, PLEASE PROVIDE DETAILS.

No.

42. HAVE YOU BEEN INTERVIEWED OR ASKED TO SUPPLY ANY INFORMATION AS A WITNESS OR OTHERWISE IN CONNECTION WITH ANY CONGRESSIONAL INVESTIGATION, FEDERAL, OR STATE AGENCY PROCEEDING, GRAND JURY INVESTIGATION, OR CRIMINAL OR CIVIL LITIGATION IN THE PAST TEN YEARS? IF SO, PROVIDE DETAILS.

No.

43. HAS ANY BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, DIRECTOR, OR PARTNER BEEN A PARTY TO ANY ADMINISTRATIVE AGENCY PROCEEDING OR CRIMINAL OR CIVIL LITIGATION RELEVANT TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED? IF SO, PROVIDE DETAILS. (WITH RESPECT TO A BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, YOU NEED ONLY CONSIDER PROCEEDINGS AND LITIGATION THAT OCCURRED WHILE YOU WERE AN OFFICER OF THAT BUSINESS.)

No.

44. HAVE YOU EVER BEEN THE SUBJECT OF ANY INSPECTOR GENERAL INVESTIGATION? IF SO, PROVIDE DETAILS.

No.

PART F - SECURITY INFORMATION

45. HAVE YOU EVER BEEN DENIED ANY SECURITY CLEARANCE OR ACCESS TO CLASSIFIED INFORMATION FOR ANY REASON? IF YES, PLEASE EXPLAIN IN DETAIL.

No.

46. HAVE YOU BEEN REQUIRED TO TAKE A POLYGRAPH EXAMINATION FOR ANY SECURITY CLEARANCE OR ACCESS TO CLASSIFIED INFORMATION? IF YES, PLEASE EXPLAIN.

No.

47. HAVE YOU EVER REFUSED TO SUBMIT TO A POLYGRAPH EXAMINATION? IF YES, PLEASE EXPLAIN.

No.

PART G - ADDITIONAL INFORMATION

48. DESCRIBE IN YOUR OWN WORDS THE CONCEPT OF CONGRESSIONAL OVERSIGHT OF U.S. INTELLIGENCE ACTIVITIES. IN PARTICULAR, CHARACTERIZE WHAT YOU BELIEVE TO BE THE OBLIGATIONS OF THE DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY AND THE INTELLIGENCE COMMITTEES OF THE CONGRESS RESPECTIVELY IN THE OVERSIGHT PROCESS.

The congressional oversight of intelligence activities carried out by the Senate Select Committee on Intelligence (SSCI), the House Permanent Select Committee on Intelligence (HPSCI), and the Armed Services and Appropriations Committees of the House and Senate, is of the greatest importance to the legitimacy and effectiveness of our nation's intelligence program.

In a nation of public laws made by popularly elected legislators, the congressional oversight process enables the American people to control their government's secret activities and to be confident that the Intelligence Community's activities reflect their interests, values, and policy preferences. Direction and oversight of the IC by the President is not constitutionally sufficient on its own in view of the comprehensive oversight and funding power over all U.S. Government activities provided to the Congress in the Constitution.

Congressional oversight is also of great practical value. Having served in Congress for sixteen years, I am aware of the considerable knowledge and wisdom that the Members and staff of the oversight committees bring to their work. Time and again, their questions, their insight, and their legislative guidance have improved the IC's organization and operations.

Statutes and executive orders describe in some detail the obligations of the Director of the Central Intelligence Agency to keep the Congress informed of CIA activities, both covert and analytical. The rules of the House and Senate and of their committees set forth the obligations of the committees to conduct hearings and prepare legislation providing the CIA the legal authorities and funding it requires. These statutory, administrative, and internal congressional legal authorities will be of little real benefit for the men and women of the CIA, however, unless the badly damaged working relationship between the Agency and the Congress is repaired. Its restoration and improvement will be one of the new administration's top priorities.

The Congress can rely on my commitment to ensuring that the CIA is responsive to congressional requests and legislative directives in a timely, frank, and thorough manner. Together with the Director of National Intelligence, I will take a proactive approach to informing Congress of CIA activities and will work to ensure that the CIA's intelligence products and reporting are free of bias and speak truth to power. I look forward to working with the intelligence committees, whose wisdom, sustained interest, and engagement will continue to be integral to the success of the agency I have been nominated to lead.

49. EXPLAIN YOUR UNDERSTANDING OF THE RESPONSIBILITIES OF THE DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY.

The National Security Act of 1947 as amended, the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004, a series of intelligence authorization acts, Executive Order 12333, and other legal authorities describe the formal responsibilities of the Director of the Central Intelligence Agency (DCIA). If confirmed, I will fully utilize and comply with these authorities as I lead the CIA and partner with the congressional oversight committees. Rather than enumerating them, I would like to emphasize several overarching responsibilities of the position.

First, the Director must remember that his Oath of Office clearly commits the Director to "preserve, protect, and defend the Constitution." This obligation to respect the rule of law and the national security mission of the CIA are inextricable. Failure to obey the law undermines our nation's moral authority, discouraging our friends and allies and giving aid and comfort to our enemies.

Second, as chief of the IC's primary analytical organization, the DCIA is responsible for the intelligence products of the CIA. If confirmed by the Senate, I will work every day to ensure that timely, insightful, and independent analysis is provided to Congress, the President, the DNI, and the National Security Council, untainted by political,

ideological, or institutional bias. Furthermore, as Functional Manager for Human Intelligence (HUMINT), the DCIA is charged with setting collection and training standards across the IC for clandestine human collection activities, and with operational coordination of the HUMINT program in accordance with the strategic guidance and oversight of the DNI and Congress.

Third, as the CIA's chief executive, the DCIA is responsible for leading and managing the Agency. As we near the end of a decade that has seen dramatic changes in the threat facing our nation, major revisions to the organization of the IC, and damaging controversy regarding CIA programs and analysis, if confirmed as the Agency's leader it will be my mission to help the men and women of the CIA fully realize the Agency's potential under the IRTPA and restore the CIA's proud reputation. The DCIA is also responsible for advising the DNI regarding covert operations, facilitating congressional oversight of CIA covert operations, and training, equipping, and supervising CIA personnel who execute them.

Fourth, as the CIA's senior official within the IC, the DCIA is responsible for advocating on behalf of the men and women of the CIA and their mission within the Executive Branch and before Congress. This responsibility spans programmatic, personnel, legal authority, and budget issues. As a former White House Chief of Staff and OMB Director I am intimately familiar with these inter-agency and Executive-Legislative processes and will take them very seriously.

AFFIRMATION

I, __Leon E. Panetta_____, DO SWEAR THAT THE ANSWERS I HAVE PROVIDED TO THIS QUESTIONNAIRE ARE ACCURATE AND COMPLETE.

1/26/09 Leon E. Panetta
(Date) (Name)

B. Tony Snesko
Notary Public, District of Columbia
My Commission Expires 12/14/2011

(Notary) 1-26-09

TO THE CHAIRMAN, SELECT COMMITTEE ON INTELLIGENCE:

In connection with my nomination to be Director of the Central Intelligence Agency, I hereby express my willingness to respond to requests to appear and testify before any duly constituted committee of the Senate.

Signature

Date: 1/26/09

District of Columbia : SS
Subscribed and Sworn to before me
this 26TH day of JAN, 2009

B. Tony Snesko, Notary Public, D.C.
My commission expires December 14, 2011

SELECT COMMITTEE ON INTELLIGENCE

UNITED STATES SENATE

Additional Prehearing Questions
for
The Honorable Leon E. Panetta
upon his selection to be
the Director of the
Central Intelligence Agency

Responsibilities of the Director of the Central Intelligence Agency

QUESTION 1:

Under the Intelligence Reform and Terrorism Prevention Act (IRTPA), the Director of the Central Intelligence Agency (D/CIA) shall serve as the head of the Central Intelligence Agency; collect intelligence through human sources and other appropriate means; correlate, evaluate and disseminate intelligence; provide overall direction for and coordination of the collection of national intelligence outside the United States; and perform such other functions related to intelligence affecting the national security as the President or the Director of National Intelligence (DNI) may direct.

A. Has the President-elect indicated the functions he expects you to perform, and goals you should attain, as the D/CIA? If so, what are these?

B. Has the DNI nominee indicated the functions he expects you to perform, and goals you should attain, as D/CIA? If so, what are these?

When President Obama asked me to serve as CIA Director, he indicated that he wanted someone who was independent and could provide him and his advisers with timely, unvarnished intelligence irrespective of its policy implications. He also indicated that he expects CIA to tell him what we know – as well as what we do not know.

Admiral Blair and I have had productive initial conversations about ways to enhance collaboration and coordination between the DNI and the CIA Director. This is a high priority for me. We have not yet discussed specific goals and objectives beyond those that are spelled out in applicable statutes and Executive Orders.

QUESTION 2:

In your view, what lessons should a new D/CIA draw from:

- The 9/11 terrorist attacks, subsequent terrorist activities, and the evolution of international terrorism;

- The prewar intelligence on Iraq's weapons of mass destruction and alleged ties to Al Qaeda;

- Changes at the CIA since the establishment of the Office of the Director of National Intelligence; and

- Experiences and issues related to detention, interrogation and renditions since the 9/11 terrorist attack?

Any new CIA Director, in the wake of the 9/11 attacks, must realize that countering terrorist threats to the United States and its interests around the world has come to dominate, and will likely continue to dominate, the work of the Agency in the foreseeable future. This will require him to ensure that sufficient resources are allocated to the tasks at

hand – *i.e.*, collection, analysis, and covert action. The post-9/11 environment also requires the CIA Director to ensure that adequate policies and procedures are put in place to guide and facilitate the work of the Intelligence Community. It will also require him to establish and maintain cooperative arrangements with the intelligence services of other countries that are critical to coping with the terrorist threat.

The principal lesson of the pre-war intelligence assessments on Iraqi WMD is that the Agency must be far more careful in analyzing, assessing, and characterizing the information that comes into it. As has now become clear, many of the judgments contained in the 2002 NIE were based on evidence from sources that proved unreliable. Policymakers were not sufficiently alerted to how unreliable the evidence actually was. Instead of explaining how little they knew or how uncertain their knowledge was, analysts fell back upon what our experience with Saddam Hussein's regime had been in the past. While this was undoubtedly relevant, it should not have been determinative. If the Agency had been more careful in saying what it actually knew and did not know – and if it had informed policymakers about the reliability and quality of its sources – it might have avoided much of the criticism that followed. As far as its performance on the issue of Iraqi ties with Al Qaeda is concerned, the Intelligence Community seems to have done reasonably well, according to the information I have read. Here, as contrasted with the WMD issue, its conclusions were carefully crafted to reflect precisely what the Agency thought the evidence supported.

With the creation of the Office of the Director of National Intelligence in 2004, the role of the Director of CIA has changed. The position is no longer responsible for coordinating the work of the Intelligence Community, and is no longer the principal intelligence adviser to the President. Since 2004, a great deal of time and effort has been expended trying to sort out what the relationship between the CIA Director and the DNI should be. My impression is that many things have been done to clarify the "lanes in the road," notably the issuance of a new Executive Order last July, but much is left to be sorted out during the new administration. No one disputes the need for an official like the DNI to oversee and coordinate the disparate activities of the agencies that comprise the U.S. Intelligence Community. Nor does anyone dispute the fact that, working together, all intelligence agencies can benefit in terms of carrying out their own missions. We simply have to find a *modus operandi* to allow that important coordination to take place.

With respect to the issues of rendition, detention, and interrogation, I draw several lessons from what has happened in recent years. First, what the CIA does in each of these areas must be consistent with U.S. law and treaty obligations. Second, clearer policies and procedures are needed in each of these areas to ensure CIA employees involved in such activities are not put in jeopardy by unclear guidance. The new Executive Orders issued by the President on January 22, 2009 clarify the policies going forward. The Orders also establish special interagency task forces to consider whether further guidance is needed. Lastly, the experience of the past few years indicates the importance of congressional buy-in and involvement on these issues. These are not issues that should be resolved solely by the Executive Branch. It is my strong view that the rendition, detention, and interrogation issues should have been briefed to the full Intelligence Committees in both the House and Senate.

QUESTION 3:

If confirmed, what will be your immediate priorities with respect to the direction of the Central Intelligence Agency?

If confirmed, I will have three immediate priorities. First, along with my deputy Steve Kappes, I plan to review all Agency operations to assess where we have critical gaps and where we ought to focus our operational resources. This will require a careful review of the Agency's principal analytic assessments and scrutiny of how resources are allocated across CIA.

Second, I plan to work with Admiral Blair to forge greater collaboration between the DNI and CIA. The existing laws and Executive Orders speak to this relationship, but much has to be worked out between the leadership of the two organizations to ensure greater efficiency and coordination. I am committed to making this new structure work.

Third, I plan to review the relationship between the CIA and Congress to determine how to strengthen consultation with the Intelligence Committees, as well as other Committees of jurisdiction.

In addition to these three strategic priorities, I plan to review some key management issues facing the Agency, such as the over-reliance on contractors and the question of whether we are recruiting a talent pool this is diverse enough and sufficiently language-proficient to fulfill our operational requirements.

QUESTION 4:

Do you believe there are significant management, morale, or resource problems at the CIA? If so, please describe what they are and what will you do to address them.

My initial impression is that CIA has a strong leadership team among its senior professional management, that the Agency is well-funded by Congress, and that morale is strong. Challenges to the Agency include ensuring that its precious resources are devoted to collecting and analyzing the most policy-relevant intelligence, which cannot be obtained elsewhere.

Based on press reports and my conversations with members of this Committee and some CIA officers, I understand that morale was low when Director Hayden became Director, but has improved under his and Deputy Director Kappes' leadership. Whether it continues to be a significant problem, I simply do not yet know. If I am confirmed and determine that it is, I will address it by clearly articulating my goals and expectations for the agency, delineating and the operational parameters within which I expect them to operate, and letting our employees know that they will have my full confidence and support.

I am not aware of significant management problems at the CIA, although as an outsider, I have not been in a position to learn of them. I am aware of the issue of over-reliance on contractors and will work to address that. I also intend to focus on the human capital challenges of recruiting women and minorities into a workforce that has traditionally been predominantly white and male. If confirmed, I intend to review the management challenges facing the Agency and determine what action must be taken to address them.

Finally, with respect to resources, while I am aware that the CIA budget has grown substantially since 9/11, both in its base budget and via the supplemental appropriation process, I do not know how these resources have been allocated or whether they were effectively utilized by the Agency. As a former OMB Director, I will be especially concerned with these issues, and I will review the budget to ensure that these resources are being used efficiently and effectively.

QUESTION 5:

In what ways can a D/CIA achieve sufficient independence and distance from political considerations to serve the nation with objective and dispassionate intelligence collection and analysis?

In my view, the key protection is for the Director to ensure a system is in place at CIA that produces the desired result – *i.e.*, the production of clear, objective, unbiased, timely, and complete analysis that responds to the needs of the President and other senior officials within the Executive Branch. It also entails resisting attempts by policymakers to change or influence the analysis being produced by the Agency. This can happen at all levels, from individual analysts up to the Director himself. While analysts need to be attuned to the needs of the policymakers they serve, they cannot be so close that they write analysis which that supports the policymakers' predilections or policy aims.

QUESTION 6:

A. What do you believe the role has been and should be for all-source analysis at the CIA?

CIA's fundamental role has been and continues to be to provide objective, all-source analysis to the President and his national security team. CIA's Directorate of Intelligence (DI) is the U.S. government's only all-source analytic unit that does not reside in a policy department, and it is one of only a few analytic units that are all-source (many focus on a single source). CIA analysts also provide analysis to a range of other customers including CIA operators, warfighters, working-level policymakers, and law enforcement officials. This role is appropriate, and I see no reason to change it.

B. What are the strengths and weaknesses of all-source analysis at the CIA?

Based on some initial briefings I have received, it is clear that strengths include: the depth and breadth of expertise; the rigor of analytic tradecraft; and close ties to the National Clandestine Service, which provide ground truth on key issues and insight into the quality of HUMINT collection. Weaknesses include the fact that the DI has fewer analysts today than it had in 1991, forcing it to focus resources on the highest priority issues (counterterrorism, counterproliferation, the Middle East, etc.). The Agency is probably not as deep on other important but lower priority issues as it should be.

C. If confirmed, how will you address the weaknesses and maintain the strengths of all-source analysis within the CIA?

If confirmed, I will direct that a comprehensive review of all-source analysis be undertaken to determine the effectiveness and soundness of the current analytical process and what more might be done to improve it. Such a review should look in particular at the state of

analytic tradecraft to ensure that alternative views are being respected, and that procedural measures are put into place to safeguard against politicization and "group-think." This review should also examine whether lower priority items are being sufficiently covered.

D. How should the analytic workforce of the CIA be developed and deployed?

The vast majority of the DI workforce is in Washington, DC, where it can be close to its primary customers. At the same time, the DI's goal is to deploy a significant percentage of its analytic workforce overseas by 2010. Currently, about 8 percent of our analysts are deployed overseas – up from 4 percent five years ago – providing direct support in the field to State Department, the U.S. military, CIA operators, and U.S. policymakers. I strongly support overseas deployments because they are a great career development tool; they enhance substantive expertise, language skills, cultural awareness, confidence, and leadership skills.

E. What role should the analytic workforce of the CIA have in ensuring the continuation of competitive analysis within the Intelligence Community?

Competitive analysis is critical to the policymaking process, particularly on important issues. It is important for policymakers to know if there are different conclusions reached on a particular issue and, if so, why such differences exist.

CIA and the IC have made a lot of progress in this area, especially on products that go to the President. About 85% of DI-authored PDB items in FY08 were coordinated with at least one other IC agency.

QUESTION 7:

Do you believe the CIA should, or should not, become predominately a clandestine collection agency where all components within the agency, including the analytic components, provide support for the mission of the national clandestine service? Should the CIA have a major analytic function that is separate from its national clandestine responsibilities?

I feel strongly at this juncture that things should remain as they are, *i.e.*, that the Agency should maintain a major analytic capability in addition to its clandestine collection responsibilities. Collection and analysis need to be linked.

QUESTION 8:

A. What are the strengths and weaknesses of the CIA in clandestine operations, paramilitary activities, and collection of intelligence from human sources respectively?

B. How will you address the weaknesses and maintain the strengths with respect to each of these activities?

C. How should the conduct of these activities be balanced and prioritized in the future at the CIA?

I have not been briefed in detail on CIA clandestine operations, paramilitary activities, and HUMINT collection. If confirmed, I look forward to sharing my assessments with the Committee, although this will likely have to occur in closed session.

Based on some initial briefings I have received, it is clear to me that one strength is the willingness and ability of CIA personnel to operate in nearly any environment, including in some of the most difficult and austere corners of the globe. A weakness, however, is that the best intelligence we need is well protected by our adversaries – either terrorist organizations or countries with aggressive counter-intelligence services. It is essential that we make every effort to penetrate these sources.

QUESTION 9:

A. Explain your understanding of the respective roles of the Executive Office of the President and the CIA in the formulation and implementation of covert action programs?

As I understand the existing process, ideas for covert action programs to support the national security objectives of the U.S. can originate from a number of sources, including the President, the National Security Council (NSC), and the Departments of State or Defense. CIA then develops a plan for carrying out the program, including the preparation of a draft presidential finding or Memorandum of Notification and supporting paperwork. This work is coordinated within the Intelligence Community, as appropriate, and with the ODNI, before its submission to the NSC. The NSC then reviews the proposed plan prior to its being sent to the President for approval. Once approved, and after required notification to the two intelligence committees, CIA is typically directed to implement the program. Once implemented, the conduct of the program is reviewed on an ongoing basis by the Agency itself as well as the DNI, the NSC, and the Intelligence Committees of Congress.

B. What actions would you take if directed to undertake covert action activities that you believed to be illegal, ineffective, or not well suited with respect to CIA capabilities and resources?

I would strongly object to any covert action proposal that I thought was illegal, would be ineffective, or was otherwise unsuited to the Agency's capabilities. I would do this at any step of the process where such concerns were raised for me, from the initial conceptual proposal to the draft finding itself, or to any aspect of an approved program's implementation including, if necessary, bringing my concerns to the attention of the President.

C. What principles should govern the apportionment and reconciliation of responsibilities of the CIA in the conduct of covert action under Title 50 and the Department of Defense (DoD) in the conduct of any similar or related activities under Title 10?

Pursuant to the National Security Act, covert action is an activity or activities of the United States government to influence political, economic, or military conditions abroad, where it is intended that the role of the United States government will not be apparent or acknowledged publicly. "Traditional" military activities are exempt from this definition.

The line between clandestine military activities and covert intelligence activities can be easily blurred, particularly when the military is operating away from a designated war-

zone. CIA has more detailed oversight requirements, including the requirement of written Presidential findings and detailed Congressional notification.

The key principals that should govern the allocation of responsibilities should be: (1) all DOD and CIA activities should be well coordinated; and (2) any DOD activity that, if undertaken by CIA would trigger covert action notification requirements under Title 50, should be similarly notified to Congress.

QUESTION 10:

A. What role do you see for the CIA in paramilitary-style covert action?

There is clearly a role for CIA in paramilitary-style covert action programs, but it will vary with the situation at hand. CIA offers the President a strategic and focused approach for projecting force worldwide that uniquely hides the hand of the United States government.

It remains a flexible and creative way to project force, influence events, and meet new requirements from a continuously changing mission worldwide. For example, if the program calls for the provision of military equipment (especially foreign military equipment) to foreign forces, CIA may be in better position to provide it. Even the training of foreign military forces might best be left to the Agency under certain circumstances. When it comes to carrying out military operations ourselves, rather than supporting foreign forces, then it seems to me the balance would ordinarily shift towards the military. But even here, there may be situations where U.S. civilian personnel, acting under Agency supervision, would be a preferable option. The decision ought to rest on which department or agency is best equipped and positioned to carry out the particular mission, rather than on an arbitrary demarcation line.

B. How do you distinguish between the appropriate roles of the CIA and the United States Special Forces in paramilitary-style covert action?

CIA conducts unattributable covert action, and U.S. Special Forces engage in activities where the hand of the U.S. government is <u>not</u> hidden.

C. Are there measures that should be taken to improve coordination between the CIA and elements of the DoD, including in operational planning and execution, and in informing chiefs-of-mission and congressional intelligence committees?

If confirmed, I look forward to understanding specific areas where such coordination is lacking. As a general matter, my initial impression is that coordination of operational planning is better in the field than it is in Washington. I do not know what DOD's policies are with regard to notification to Chiefs-of-Mission and the Intelligence Committees, but I am committed to ensuring that all significant CIA activities are coordinated with Chiefs-of-Mission and properly notified to the Intelligence Committees.

QUESTION 11:

What role do you see for the CIA in the collection of intelligence from human sources within the United States? In answering this question, please include a description of the legal and policy

authority and limitations on this collection and the coordination that is required with the Federal Bureau of Investigation (FBI).

CIA plays an essential role in the collection of important foreign intelligence from human sources within the United States. The foreign intelligence collected domestically greatly contributes to and enhances the foreign intelligence collected overseas. CIA's authority to collect foreign intelligence from within the U.S. is governed by the National Security Act of 1947, the CIA Act of 1949, and Executive Order (E.O.) 12333. CIA's interaction and collaboration with U.S. persons in furtherance of CIA's foreign intelligence responsibilities is governed primarily by the E.O. 12333 and internal Agency regulations.

In the interest of protecting the civil liberties of U.S. persons, CIA is prohibited by law from assuming or performing any "internal security functions." There are also limitations on the use of certain techniques within the United States. Physical surveillance, for example, may not be employed unless it is approved by the Attorney General. CIA also may not engage in electronic surveillance inside the U.S. except for training, testing or other limited purposes.

The 2005 CIA/FBI Memorandum of Understanding provides the guidelines for coordination, collaboration, and deconfliction between CIA and FBI regarding the domestic collection of foreign intelligence.

QUESTION 12:

Do you believe that, with respect to operational activities, the CIA clandestine service has developed satisfactory working relationships with the personnel of the following entities:

A. the FBI (to the extent not answered in response to Question 10);

My understanding is that the CIA and the FBI, under the leadership of Director Robert Mueller, have greatly enhanced their working relationship, both inside the U.S. and abroad. I am aware of historic rivalries and "turf battles," but my impression is that there has been solid improvement. For example, I am told that some FBI agents are now granted slots in the Agency's training programs. In addition, I am aware that CIA and FBI analysts work side-by-side to analyze counterterrorism intelligence at the National Counterterrorism Center.

B. the National Security Division at the Department of Justice;

I am not aware of any problems in the working relationship between CIA and National Security Division.

C. other law enforcement agencies;

My impression is that the Intelligence Community has generally improved its working relationship with federal, state, local, and tribal authorities through fusion cells and other mechanisms under the guidance of the Department of Homeland Security. I am not aware of any problems in the working relationship between CIA and federal law enforcement agencies, such as the Secret Service, Immigration and Customs Enforcement, or the U.S. Border Patrol. I am aware that enhanced information-sharing poses a host of legal, policy,

and operational challenges, and I look forward to working with the DNI to facilitate greater information sharing.

D. the National Security Agency (NSA); and

My understanding is that CIA and NSA have a very close and cooperative working relationship. Often times, CIA and NSA officers are co-located in the field, including war-zones. Though I have not received detailed briefings on classified operations, I am aware generally that intelligence "successes" result from SIGINT and HUMINT enabling each other.

E. other elements of the DoD?

CIA officers work daily with the U.S. military, including Special Operation Forces in the field. I have seen press accounts suggesting that the Intelligence Community was not always consulted about intelligence-gathering activities by elements of the Defense Department. However, my understanding is that coordination has greatly improved. Tension between Title 10 and Title 50 activities are to be expected especially when the military undertakes intelligence gathering in support of an anticipated military operation. The key to resolving such tension is close and continuing communications between agencies, both at the leadership level and at the working level.

In answering this question, describe the main issues that the CIA addresses in working with these other agencies and what improvements you would make if confirmed.

I am told that the main issues usually involve: (1) deconflicting operations that may involve the same target; (2) coordinating operations so that national requirements are met and duplication of effort is avoided; (3) sharing information that reveals especially sensitive sources and methods; and (4) questions concerning the respective legal authorities of the agencies involved. If confirmed, I will work with the DNI to determine where problems exist and work with my counterparts – at the FBI and DOD and elsewhere – to resolve them expeditiously.

QUESTION 13:

The National Security Act of 1947 provides, under a section entitled "Supervision," that the "Director of the Central Intelligence Agency shall report to the Director of National Intelligence regarding the activities of the Central Intelligence Agency." What is your understanding of the D/CIA's responsibilities under this provision and how do you think the DNI should accomplish this supervision?

As noted, the statute provides that the D/CIA reports to the DNI regarding the activities of the Agency. My intent is to have full transparency where the DNI is concerned, so that he will know what I know, and he and I will have an opportunity to discuss and resolve any concerns he may have about CIA operations, programs, or activities. I anticipate that Admiral Blair will rely upon me to run the Agency consistent with the policies and procedures he has put in place as DNI. Admiral Blair and I have already talked at length about the importance of maintaining regular communication on the issues facing our organizations and our community. I believe our relationship will be close and cooperative.

QUESTION 14:

In your opinion, has the CIA done an adequate job in adjusting its policies, planning, training, and programs to address current and future threats? If not, what would you do to change this if confirmed?

CIA is highly focused on the counter-terrorism mission. It is clear from some initial briefings I have received that CT continues to receive strong amounts of attention from Agency seniors and large resources from Congress. The threat of terrorism continues to pose the most immediate danger to the lives of Americans and U.S. interests abroad.

I am also concerned that we have not devoted sufficient resources to a broader set of national intelligence challenges – such as Russia, China, the global economic downturn, as well as unstable and weak governments in places such as Africa and Latin America. If confirmed, I will conduct a review of Agency operations and resources in light of emerging or long-range threats, and I may adjust the allocation of resources in accordance with its findings.

QUESTION 15:

A. To what degree and in what circumstances should operational details concerning CIA sources or methods be disseminated to individuals in the intelligence community outside the National Clandestine Service?

B. Under what conditions should intelligence community analysts with valid clearances and a need-to-know *not* have access to pertinent information contained in operational cables?

The Intelligence Reform and Terrorism Prevention Act requires the DNI to establish policies and procedures to resolve conflicts between the need to share intelligence information and the need to protect intelligence sources and methods. The recent revisions to Executive Order 12333 also reiterate that the heads of the elements of the Intelligence Community, including the Director of CIA, are "to protect sources, methods and activities....in accordance with guidance from the Director."

The NCS has a moral and operational obligation to protect its human spies and, simultaneously, an obligation to provide its consumers with the fullest context for the intelligence it provides them. The recruitment of human sources is a long and difficult process. The costs associated with the compromise of HUMINT operations are very high, sometimes resulting in loss of access to intelligence that may have taken years to develop, or even the death of individuals who have provided us intelligence. Sources trust that the NCS will protect them, and that commitment must be honored. Protecting operational traffic ensures the viability of sources and methods, and the continued collection of intelligence needed to warn senior policymakers of potential threats to national security.

However, where operational details do have analytic value – *e.g.*, where they allow analysts to evaluate credibility of the information being reported – they ought to be factored into the analytical process. How this is handled should depend on the sensitivity of the operational information at issue. If confirmed, I will work with the DNI to establish procedures to govern the sharing of such sensitive information.

QUESTION 16:

A. Explain your responsibilities, if confirmed, in making decisions on recommendations concerning the accountability of officials of the CIA with respect to matters of serious misconduct.

The D/CIA may exercise statutory authority granted by the National Security Act of 1947 to terminate the employment of a CIA employee or officer whenever he deems it necessary or advisable in the interests of the United States. The exercise of this core statutory authority is distinct from but related to internal CIA administrative processes governing disciplinary actions against CIA employees and ensuring their accountability for the performance of their official responsibilities. I intend to ensure that these regulatory processes are administered in an efficient and fair manner to address and resolve questions of suitability, wrongdoing, or misconduct, and I will exercise the D/CIA's statutory employment termination authority where I determine it to be necessary or advisable.

At times, the Director may make use of an accountability board, composed of senior CIA officers. This board can conduct inquiries, weigh facts of other inquiries (such as Inspector General Reports), and issue recommendations for disciplinary or corrective action.

B. What is your assessment of the strengths and weaknesses of the accountability system that has been in place at the CIA and what actions, if any, should be taken to both strengthen accountability and ensure fair process at the CIA?

I intend to undertake a review of this system to ensure that they are efficient, fair, and compatible with the CIA's mission responsibilities and accountability by its officers for actions taken in the pursuit of that mission.

C. What is your view of the role of the CIA Inspector General and how would you utilize the work of the Office of the IG in managing the operations of the CIA if confirmed?

I believe the role of the Inspector General is critical to managing the operations of CIA. The Inspector General can provide an objective assessment of what is and is not working. He can provide assurance that the Agency's activities are being carried out consistent with legal and Agency regulations. He can verify that funds are being spent for authorized purposes. If confirmed, I will work closely with the Inspector General to ensure that the efforts of his office are directed at the areas of the Agency's operations that I consider most problematic, or where I need an objective assessment of the facts in order to make a decision.

Science & Technology, Research & Development, and Cyber Security at the CIA

QUESTION 17:

A. How do you assess the state of science and technology (S&T) activities within the CIA?

I have been very impressed with the professionals I have met and some of the initiatives that S&T has undertaken. My criteria for assessing our strength in this area will be whether we are leveraging other science and technology work conducted around the

community, whether we are adding value to operations, and whether this critical function is managed efficiently and effectively.

B. If confirmed, how do you intend to improve S&T activities in the CIA and improve recruiting and retention of the best available S&T talent?

If confirmed, I would review the state of S&T activities to determine where additional focus or talent might be needed. I would work to achieve the proper investment balance of near-term technological applications and longer-term, riskier, but potentially game-changing technologies. If confirmed, I would seek to attract S&T talent by demonstrating a commitment to support research and a willingness to explore innovative and non-traditional technologies.

C. What are your top priorities for S&T reforms in your first year in office?

The key priority is to continue to recruit and retain the most talented Americans who want to devote themselves to a science and technology career in government where they will not enjoy public credit for their most important work.

In addition, S&T officers have indicated to me the importance of pushing for information-sharing initiatives, particularly widening the dissemination of data from compartmented programs to allow S&T to develop tailored solutions to facilitate our most sensitive operations.

D. What qualities are most important to you in your top S&T official, the Director for Science and Technology, and what role and priorities would you assign to this S&T leader?

I have met with the current Director for Science and Technology and am very impressed with her experience and leadership. If confirmed, I would look for several qualities in the Director for Science and Technology. First, that individual must have detailed knowledge of the Agency's missions and how S&T contributes to those missions. Second, I would expect the Director of S&T to be a team player, since the directorate supports the other agency directorates rather than undertaking activities for their own sake. Third, the DS&T must have a strong scientific background in order to evaluate research proposals and oversee their implementation. Lastly, I would expect the DS&T to be a creative problem-solver and someone who is willing to take risks. It is not always possible to see the applications of a given technology immediately. An occasional leap of faith can yield a high pay-off.

E. What is your philosophy of the role of Research and Development (R&D) in the CIA and what are your top priorities with respect to R&D in the CIA?

I believe R&D is critical to keeping the Agency at the cutting edge of collection, analysis and operations. CIA's R&D should focus on areas where CIA's mission needs are *unique* and are not being satisfied elsewhere. The Agency should leverage and partner, sharing the load wherever CIA can. The Agency can only keep up by building on the work of others whether in community, academia, or industry.

QUESTION 18:

The Committee's Technical Advisory Group (TAG), a volunteer group of nationally recognized national security S&T leaders, plays a key role in advising the Committee on high priority S&T issues every year. If confirmed, will you fully support Committee TAG studies and allow the TAG members to have access to the people and information required for their studies upon the Committee's request?

Yes. TAG studies are an important part of the Committee's oversight work. I know how important the role of outside advisory panels can be in helping government officials make good decisions. If confirmed, I will give clear guidance so that the TAG can have access to the people and information necessary to conduct its studies.

QUESTION 19:

The issue of cyber security is of particular concern to the Committee. How would you improve the cyber security of CIA systems? What are your top priorities for cyber security reforms in your first year in office?

I share the Committee's concerns about cyber security, which is a serious and growing threat. If confirmed, cyber security will be an early area of emphasis for me, not simply at the CIA but at the national level as well. Early in my tenure, I will be reviewing activities across CIA that help strengthen our own cyber security, and I will ensure we have a robust and sustainable program to identify and close any gaps in this critical area. In addition, I anticipate working closely with the DNI and the President to develop and support new national cyber security policies and programs in ways that are appropriate for the Agency. I will also work to ensure that the CIA's networks are as secure as possible, both from external and insider threats.

HUMINT in the Intelligence Community

QUESTION 20:

What is your view of the strengths and weaknesses of the overall capabilities of the Intelligence Community to collect the HUMINT necessary to protect national security?

As indicated in my answer to an earlier question, while I have received overview briefings on operational activity, I am not sufficiently "read-in" to offer my assessment on this issue at this time. Having said that, I understand that the strength of HUMIINT goes to the heart of the Agency's mission; it is CIA's reason for being. Accordingly, if confirmed, I will work to address it promptly and comprehensively, and I will make such changes as I determine necessary to improve the HUMINT capability within the Intelligence Community as well as in the Agency itself.

QUESTION 21:

A. In your view, is it appropriate for the Director of the CIA to continue to be the National HUMINT manager?

Yes. CIA has by far the largest and most sophisticated HUMINT capability within the Intelligence Community. It has been engaged in this kind of activity for many decades, and

has provided most of the HUMINT training for the Intelligence Community. As such, CIA is best-positioned to help manage HUMINT for the Community.

B. In your view, does the National HUMINT manager have the authorities necessary to set and enforce national standards for all HUMINT training and operations, including those of FBI and DoD?

The National HUMINT manager does have the authority to set and enforce national standards for HUMINT training and operations, and those standards are currently being set and approved by the members of the Intelligence Community via the HUMINT Enterprise Board of Directors and Board of Governors. Whether this system operates well in practice is something I will, if confirmed, evaluate once I take office.

C. If confirmed, what steps would you take to strengthen the authority and influence of the National HUMINT manager over the HUMINT training and operations within FBI and DoD?

Effective training will be the foundation of our success in building the National HUMINT Enterprise. To that end, we will continue to build on the success of our HUMINT Community Training Center to train our officers to operate more collaboratively, and to continue our new program to validate HUMINT Tradecraft training courses against national standards.

D. What should be the role of the Deputy Director, National Clandestine Service/Community HUMINT, in coordinating the HUMINT activities of the Intelligence Community?

The Deputy Director should develop common training and tradecraft standards for the agencies within the Intelligence Community that conduct HUMINT activities so that they can collaborate to the maximum extent possible. He also ought to ensure that the individuals involved in such activities serve rotational tours at other agencies to expose them to the techniques in use outside their parent agency. Finally, it should be his responsibility to ensure that there is no unintended duplication among HUMINT agencies, and that their activities complement one another.

QUESTION 22:

What do you consider to be the appropriate division of responsibilities for HUMINT between the CIA and the various components of the Department of Defense? Please explain specifically for the Defense Intelligence Agency, the Special Operations Command, and the Military Departments.

CIA's HUMINT collection operations are focused on the nation's highest priorities and the vast majority are clandestine. While these operations produce intelligence of interest to multiple customers, they do not answer all of the Defense Department's requirements. DIA is charged with collecting against defense requirements that might not otherwise be collected by the CIA. In addition, the military services have their own, more tactical and service-specific requirements which are satisfied by HUMINT elements within each service. Some of this is done in support of deployed forces in the field. This basic division of labor among these elements is appropriate.

Any work by DOD HUMINT components to satisfy national-level requirements should be carefully coordinated with CIA. The recent revisions to EO 12333 give the DNI the charter

to work with the departments and the CIA to establish procedures for the deconfliction, coordination, and synchronization of IC activities with "activities that involve foreign intelligence and security services, or activities that involve the use of clandestine methods, conducted by other Unites States Government departments, agencies, and establishments."

Relationship to Congress

QUESTION 23:

A. Explain your understanding of the obligations of the D/CIA under Sections 502 and 503 of the National Security Act of 1947.

As the "head of an...agency...of the United States Government involved in intelligence activities," it is the duty of the D/CIA pursuant to section 502 to keep the two intelligence committees "fully and currently informed" of the Agency's activities – other than covert actions – including any "significant anticipated activities" and any "significant intelligence failure." The law clearly imposes an obligation on the Director to apprise the committees of significant activities before they are undertaken; it also obliges the Director to report "significant" failures that have occurred. I also note that Section 502 provides that notice to the two committees shall be in a manner consistent with the protection of sources and methods. I do not interpret this as providing justification for withholding notice from the committees on the basis that sources and methods would be revealed by the notification. Rather, I interpret this proviso as allowing for latitude, depending upon the circumstances, with respect to *how* notice will be provided to the two committees. It thus allows for discussion of this concern with the committees. Section 502 also requires the Director to furnish the intelligence committees with any information or material in his custody or control that the committees request in order to carry out their responsibilities. This obligation is also conditioned by the "sources and methods" proviso referred to above.

Similar, but not identical obligations are imposed on the Director by Section 503 where covert actions are concerned. Here, too, the Director is charged to keep the two intelligence committees "fully and currently informed" of the covert actions in which the CIA is involved. But the obligation to provide the committees with prior notice of covert actions rests with the President rather than with the Director, although the Director retains the responsibility of reporting "significant" failures in the covert action area. Section 503 also requires the Director to furnish any information or material in his custody or control that the committees might request to carry out their responsibilities. Both obligations imposed by Section 503 are also conditioned on the "sources and methods" proviso I referred to in the paragraph above.

A. What lessons learned do you believe a new D/CIA should derive from the experiences of the last several years concerning the implementation of Sections 502 and 503, including the decisions not to brief the entire membership of the congressional intelligence committees on significant intelligence programs at their inception, such as the CIA detention, interrogation, and rendition program and the NSA electronic communications surveillance program?

My knowledge of these cases is not derived from first-hand experience but rather from public accounts. According to those accounts, the administration utilized the so-called "gang of eight" procedure to notify the committees rather than provide notice to the committee as a whole. Indeed, I am told the administration continued to withhold notice

from the full committees despite repeated pleas from certain members of the "gang of eight" to expand such notice to the full membership. The NSA surveillance program was not a covert action program, and, therefore, limiting notification to the "gang of eight" was inappropriate. Such limited notifications restrict the ability of the intelligence committees to conduct oversight.

Even where covert action is concerned, I think notice via the "gang of eight" procedure ought to be limited to extraordinary cases, where operational details will be revealed whose disclosure might jeopardize those involved. I take this view because I think the "gang of eight" notice procedure limits meaningful oversight by the Congress. When the eight Members who are notified cannot tell anyone else what they have heard, and are thereby denied the ability to seek professional advice from their staffs or consult with other knowledgeable Members, then they are effectively denied the ability to conduct oversight. This result might be justified so long as lives remain at risk, but not after the danger has passed.

A. Under what circumstances do you believe notification may be limited to the Chairman and Vice Chairman or Ranking Member of the congressional intelligence committees? In those circumstances, if any, what is the obligation of the D/CIA to notify subsequently the full membership of the committees as expeditiously as possible?

As contemplated by the statute, there could well be circumstances that dictate withholding notice to the full committees or delaying it until the particular sensitivity passes. This should be the exception, not the rule. Where lives would be put at risk by disclosure, inadvertent or otherwise, of the information at issue, it may be prudent to confine knowledge of it to the leaders of the two intelligence committees. In such cases, I would discuss my concerns with the leaders of the two committees and attempt to reach a mutual understanding in terms of how the information at issue should be handled within their respective committees, to include determining the point at which the full committees should be briefed.

Treatment of US Person Information

QUESTION 24:

What principles, in your view, should govern rules pertaining to the collection and retention of U.S. person information by U.S. intelligence agencies? Are there any special rules or exceptions necessary for the collection and retention of U.S. person information by the CIA? Please explain.

Intelligence activities pertaining to U.S. person information are governed by the Constitution, applicable statutes, executive orders, and agency regulations. As Executive Order 12333 notes, "[t]he United States Government has a solemn obligation, and shall continue in the conduct of intelligence activities under this order, to protect fully the legal rights of all United States persons, including freedoms, civil liberties, and privacy rights guaranteed by federal law." I strongly agree with this view of our responsibility to safeguard the civil liberties of the American people.

CIA must maintain absolute fidelity to the Constitution and laws of the United States and strict respect for the principles incorporated therein, including an acute sensitivity to the

civil liberties and privacy interests of U.S. persons, wherever they are located. CIA also must maintain strict accountability standards for CIA officers at all levels for observance of these interests.

Under Executive Order 12333, elements of the Intelligence Community are authorized to collect, retain, and disseminate U.S. person information only in accordance with procedures established by the head of the agency and approved by the Attorney General. CIA regulations, in fact, provide such guidance, specifying not only the kinds of information on U.S. persons that CIA may lawfully seek to obtain, but also what it may retained and disseminated outside the Agency.

Detention, Interrogation, and Rendition Issues

QUESTION 25:

A. What principles should govern future detention, interrogation, and rendition practices and policies of the Intelligence Community, and what changes should be made to current practices? In answering, include your understanding of the obligations of the United States under U.S. law and international law, as applied to the Intelligence Community, with respect to the detention and interrogation of detainees and also with respect to access to them by the International Committee of the Red Cross.

Rendition, detention, and interrogation practices and policies of the Intelligence Community should fully comply with the U.S. Constitution, U.S. statutes, and the policy set by the President. On January 22, 2009, the President issued an executive order directing all U.S. agencies to use Common Article 3 of the Geneva Conventions as the baseline for the treatment and interrogation of persons detained in any armed conflict. The executive order also states that agencies must notify the International Committee of the Red Cross of such detainees and provide the Red Cross with access to them. The intelligence community must follow the executive order. With respect to renditions, the intelligence community must comply with U.S. obligations under the Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment, including Article 3 prohibiting the rendition of a person to a country where it is more likely than not he will be subjected to torture.

As for interrogations, the Executive Order mandates that agencies of the U.S. government employ the Army Field Manual.

The orders provide for two follow-on task forces: the first to further consider the disposition of detainees now in custody at Guantanamo, and the second to consider whether further amendment is needed to the policies set forth in the Army Field Manual to govern the interrogation of detainees. If confirmed as Director of the CIA, I will become a member of these interagency task forces, and I intend to participate fully in their work.

B. Should there be uniform rules for military and intelligence interrogations? If not, what differences do you believe would be justified?

As the recent Executive Order on interrogation now provides, those rules will now be uniform throughout the U.S. government. The task force that will review interrogation policy will examine whether any differences between agencies can be justified.

C. What is the appropriate use, if any, of contractors within the IC in the interrogation of detainees?

I believe interrogation operations should be conducted by a cadre of very skilled intelligence officials under clear guidance and supervision. My strong preference is for government employees to conduct such interrogation so that there is a clear chain of accountability. There may be a time and place where a special language or dialect or area of expertise may require a contractor, but that should be the unusual exception, not the norm. If confirmed, I will want to review current practices to ensure that the program is legal, effective, and resourced correctly.

Law Enforcement Proviso

QUESTION 26:

The National Security Act of 1947 (Section 104A (d)(1)) states that the Director of the Central Intelligence Agency "shall have no police, subpoena, or law enforcement powers or internal security functions." Explain your understanding of this proviso, including the manner in which it governs the allocation of responsibilities between the FBI and the CIA.

CIA cannot itself be used to carry out law enforcement functions within the United States. It is not precluded by this proviso from providing foreign intelligence or technical assistance to law enforcement agencies or from protecting CIA personnel or property, but it is precluded from such functions as keeping the peace, participating in arrests or law enforcement investigations, or otherwise enforcing U.S. law. If the Agency should discover information indicating unlawful activity, it refers such information to the Justice Department. It may conduct investigations of its own employees, however, for security or suitability purposes.

Duty to Correct Public Statements

QUESTION 27:

What is your view of the responsibility of a Director of the CIA to inform senior administration policy officials or their spokesmen when the available intelligence either does not support or contradicts public statements they may have made?

I recognize that policy officials have access to a great deal of information apart from what they receive through intelligence channels, and sometimes make public statements based upon that information despite the actual intelligence on the subject. Nonetheless, if confirmed, I would alert such officials – either myself or through the DNI – that the public statements they made were not supported, or were contradicted, by the pertinent intelligence. If the official could not adequately explain his or her action and refused to correct the record, I would raise the matter to his superior or, as appropriate, to the President.

Commissioned Officer as Director or Deputy Director

QUESTION 28:

What is your view on whether the law should require that the Director or Deputy Director of CIA or both be chosen from civilian life? If confirmed, what standards apart from legal requirements would you apply to the selection of a Deputy Director or what experiences would you look for in a Deputy Director?

In my view, the law should require that at least one of the top two officials at the CIA come from civilian life. I take this view because the principal mission of the CIA is to provide intelligence support to senior policymakers who are, necessarily, civilians.

If confirmed, I would want the Deputy Director to be committed to intelligence work of the highest quality and to adherence to the rule of law. I would also want to be confident that the Deputy Director would work effectively with me, the Agency's deputy directors, the heads of other intelligence agencies, and with the Congress. Stephen Kappes fulfills those criteria and will serve as my deputy.

National Counterterrorism Center and Counterterrorism Center

QUESTION 29:

The Intelligence Reform and Terrorism Prevention Act of 2004 created the National Counterterrorism Center (NCTC). Some of the NCTC's responsibilities were previously handled by the CIA Counterterrorism Center (CTC). What is your view of the appropriate division of functions and responsibilities of the NCTC and the CTC?

My preliminary view is that NCTC is the IC-wide analytic "center" for counter-terrorism intelligence. NCTC also has a role to develop strategic operational plants to combat terrorism, answering to the President.

CIA's CTC conducts operations against the CT target, the vast majority of which are classified. The Office of Terrorism Analysis conduct detailed analysis of terrorist leaders, their plots and their capabilities. OTA's analysis support CIA's operational mission of detecting, disrupting, and defeating terrorists before they pose a direct threat to the U.S. homeland and U.S. interests abroad. CIA analysts leverage expertise gained in the working with the NCS and other CIA components – including regional and functional offices in the Directorate of Intelligence – to help position CIA to collect intelligence, leverage liaison relationships, and disrupt terrorist networks.

Management of the CIA

QUESTION 30:

Please describe in detail how you intend to fill key positions in the Office of the Director, and elsewhere within the CIA, in order to ensure that those individuals who are part of your management team have significant and appropriate intelligence experience.

Currently, the jobs of Deputy Director, Associate Deputy Director, as well as the heads of the Agency's four main Directorates (Director for Intelligence, Director of the National Clandestine Service, Director for Support, and Director for Science and Technology) are

all career intelligence professionals. I intend to ask all of these individuals to remain in their current posts for the time being.

I note, in particular, that the current Deputy Director, Stephen Kappes, who has served nearly continuously at the Agency for twenty-seven years, has agreed to stay on. Mr. Kappes was promoted to Senior Intelligence Service in 1995 and has spent twelve years overseas. He speaks Farsi and Russian. He has previously served as Deputy Director for Operations and Associate Deputy Director for Operations. Few people in the United States government have as much intelligence experience as Steve.

I intend to surround myself with individuals of high integrity, who understand intelligence, who are dedicated to the mission of the Agency, and who treat all colleagues – irrespective of their rank within the organization – with respect and fairness.

QUESTION 31:

Drawing on your past professional experiences, please describe in detail your management philosophy, including but not limited to the extent to which you intend to become involved in operational matters and how you intend to structure the division of responsibilities with the Deputy Director of the CIA.

My management philosophy is to give clear guidance to subordinates and allow them to carry it out. In other words, I am not one to micromanage. If I find they have not done as I have asked, or have performed their tasks inadequately, I will tell them so. If their sub-par performance continues, I'll find someone else to do the job.

I anticipate focusing primarily on ensuring policy and procedure is handled correctly, rather than intervening personally in the details of operational planning or the production of individual pieces of analysis. At the same time, I expect to be kept up to date on any significant operations or analyses that we have in train, especially operations involving serious risk or analysis of key issues that is expected to be contentious.

In terms of the division of labor with the Deputy Director, we will both be involved in every decision affecting the Agency. There will be complete transparency between us. Having said that, I anticipate taking a larger role in the external functions of the Director's office, such as representing Agency positions and concerns with the White House, the ODNI, and Congress; meeting with foreign liaison services; and serving as the public face of the Agency. I expect the Deputy Director to take a larger role in monitoring and directing the internal workings of the Agency.

Professional Experience

QUESTION 32:

For each of the following, describe specifically how your experiences will enable you to serve effectively as the Director of the CIA. Include within each response a description of issues for the CIA that you can identify based on those experiences:

A. As the co-director of the Panetta Institute for Public Policy

I founded the Panetta Institute for Public Policy in 1998 to create a center in the California State University System for the study of public policy and the development of a new generation of public servants. In over a decade of leading the Institute as Director, I have focused our research and educational activities on improving understanding of the challenges faced by public sector organizations and the process by which policy objectives are translated into reality.

My work at the Panetta Institute has confirmed to me the importance and necessity of recruiting and retaining high-quality people. Nowhere in the federal government is this more critical than at CIA, whose success depends largely on hiring and retaining first-rate personnel to carry out its complex and sensitive missions. It brings home to me the importance not only of the hiring process itself, but of the need for first-rate training and career development programs, diversity in the workplace, fair and equitable personnel and pay systems, and, last but not least, treating employees with dignity and respect.

B. As a member of the Iraq Study Group

As a Member of the Iraq Study Group (ISG), I was exposed to wartime intelligence at the highest level. This experience underscored for me not only the importance and sophistication of the CIA's analytical capabilities (on both political and military topics), but also the significant role military intelligence elements play in producing analysis to support their regional and tactical commanders.

The objective of the ISG was to come up with a set of bipartisan recommendations to guide U.S. policy in the face of a deteriorating political situation in Iraq. Intelligence analysis figured prominently in our attempt to predict what that situation was apt to be. My ISG work also enabled me to become far more familiar with the political, cultural, and military situation inside Iraq, which will provide very useful background should I be confirmed as Director of CIA.

C. As the Chief of Staff to former President Clinton

As White House Chief of Staff, I was responsible for everything that reached the President, ensuring that he was getting what he needed from the departments and agencies, as well as the White House staff, to make policy decisions, including those related to foreign policy. I attended National Security Council meetings and was a consumer of the Presidential Daily Brief and other intelligence products. I saw firsthand how the President and other high-level officials received and used intelligence, how intelligence agencies responded to the kinds of questions they asked, and how intelligence was factored into their decision-making. It is hard to overstate the value of this experience should I be confirmed as Director of CIA, an agency whose principal function is to satisfy the intelligence needs of the President.

D. As the Director of the Office of Management and Budget

As OMB Director, I was responsible for reviewing and approving all federal spending requests to Congress, including those for the intelligence community, and overseeing budget execution by the Executive Branch. I am, in particular, well acquainted with the inter-agency process within the Executive Branch that produces the budget for intelligence each year. I believe this positions me well, if I am confirmed, to shepherd the CIA budget

request through OMB each year, along with any requests for funding via supplemental appropriations bills.

My years as OMB Director not only gave me responsibilities across the federal government, it gave me the experience of running a large organization. This experience will be invaluable should I be confirmed as the Director of CIA.

E. As a member of the House of Representatives

As a Member of the U.S. House of Representatives for sixteen years, I acquired an in-depth understanding of how the Congress works, especially its role in funding the departments and agencies of the Executive Branch. As Chairman of the House Budget Committee, I also reviewed all federal budget requests, including those for the Intelligence Community. Indeed, I was a regular consumer of intelligence throughout my years in Congress.

If confirmed, I believe my Capitol Hill experience will help me advocate effectively for CIA's mission, people, and budget – both with the intelligence committees and with the appropriators – and repair and enhance what I understand are badly strained relations between the Agency and the Hill.

Questions for the Record
Nomination of the Honorable Leon E. Panetta

Questions for the Record from Vice Chairman Bond:

1995 National Intelligence Estimate

In response to a question during your confirmation hearing about the impact of the 1995 National Intelligence Estimate regarding the foreign terrorist threat in the United States, you indicated that the Clinton Administration's "focus of attention" was on terrorism. According to the 9/11 Commission Report, this NIE predicted future terrorist attacks against and inside the United States, specifying the White House, the Capitol, and symbols of capitalism such as Wall Street as particular points of vulnerability. The NIE described the greatest danger as "transient groupings of individuals" that lacked "strong organization but rather are loose affiliations."

- **Please describe any specific changes in policy as a result of this NIE and the Administration's focus on terrorism of which you were aware or supported as the White House Chief of Staff.**

Answer: During 1995-96, there was intense concern in the Clinton Administration because of a series of terrorist attacks. The Manila plot to blow up trans-Pacific airliners was broken up in January 1995; the Aum Shinrikyo sarin gas attack in Tokyo was in March 1995; the Oklahoma City bombing of April 1995, while not an international terrorist attack, certainly underscored the terrorist threat. In addition, five Americans were killed in Riyadh in the attack on the Saudi Arabia National Guard headquarters in November 1995, and 19 American service personnel were killed in the Khobar Towers attack in Saudi Arabia in June 1996.

In his 1995 State of the Union address, the President vowed to strengthen America's hand against terrorists "whether they strike at home or abroad." In

February of that year, the President sent Congress extensive legislative proposals to make it easier to act against terrorists and terrorist fund-raising. In early May, he submitted strong amendments to this legislation dealing with wiretap authority, electronic surveillance, explosive tracing, and new funding for FBI and CIA operations.

In June 1995, the President issued a classified directive (PDD 39) – portions of which have been declassified – which said that the U.S. should "deter, defeat and respond vigorously to all terrorist attacks on our territory and against our citizens." This directive set forth a government-wide plan to combat terrorism, noting that it was not merely a law enforcement matter, but also a national security matter. As the 9/11 Commission report documents, "During 1995 and 1996, President Clinton devoted considerable time to seeking cooperation from other nations in denying sanctuary to terrorists. He proposed significantly larger budgets for the FBI, with much of the increase designated for counterterrorism. For the CIA, he essentially stopped cutting allocations and supported requests for supplemental funds for counterterrorism." In 1996, after his reelection, the President described terrorism as first on a list of key challenges facing the country.

- **In your opinion, were the Administration and Intelligence Community's priorities and resources focused in the right areas—that is, those highlighted by the NIE?**

Answer: As I review the record of this period of time, I believe the Clinton Administration properly placed great focus on terrorism. Like every American looking back after the 9/11 attacks, I believe the United States government should have done more to protect us.

I agree with the major conclusion of the 9/11 Commission, which found that our government lacked the "unity of effort" necessary to prevent terrorism. While resources and authorities were undoubtedly important, the main failing of our government was our inability to coordinate our efforts – "connect the dots" – in stopping the hijackers in carrying out their plot.

Intelligence Experience

There is some concern that, because of your lack of an intelligence background, you will have to rely heavily on those with institutional knowledge at the CIA. You have confirmed that, for the time being,

you will continue the current leadership team, including the Deputy Director. You have also stated that you will not intervene personally in operational planning or analysis production, and that the internal functions of the CIA will be monitored and directed by Deputy Director. While these responses from one perspective sound fine, they also cause great concern. There are a number of changes that need to be made within the CIA and you will need to make them.

- **How will you strike the balance between relying on those with institutional knowledge without ending up with the *status quo*?**

Answer: The question you pose is the central one for anyone from the outside who takes over as the new leader of an organization. I have faced this challenge repeatedly in my 40 years of public service. As discussed in my testimony, I do plan to become involved in providing strategic leadership and guidance for operations and analysis. That will be my first task: to understand our gaps and direct resources to fill those gaps. In this task, I will have full partners in the professionals at CIA. I will rely on them for their experience and judgment. But the final decisions will be mine.

As I have always done in my career, I will expect the professionals at CIA to meet high standards of performance. Those standards are the ones I outlined in my testimony before the Committee. I fully expect these individuals to meet these standards, but if they do not, I will find other Americans to perform those crucial duties.

- **Under what circumstances, if any, will you become involved in directing the internal workings of the Agency?**

Answer: If confirmed as Director of the CIA, I will take on that responsibility fully. My responsibility will be to provide the President and those who work for him with the best possible objective, timely, and relevant intelligence. My responsibility will be to manage the best possible collection and analysis. Based

on the advice of professionals, and based on my best judgment, I will direct the inner workings of the CIA to carry out these responsibilities of office.

Iraq and Afghanistan

In September 2007, you wrote a commentary stating that the "surge" in Iraq had not worked as hoped.

- **In your opinion, where did the surge not work? What would you have done differently?**

Answer: As stated by the Bush Administration, the purpose of the military surge in 2007 was to give time and space for political reconciliation inside Iraq. While violence in Iraq was beginning to decline by September 2007, Iraqi leaders had taken few steps in the direction of political reconciliation. A GAO report in September 2007 found that the Iraqi government had met only 3 out of 18 of its own legislative, security, and economic "benchmarks."

My approach would have been the one outlined by the bipartisan Iraq Study Group, in which I participated.

- **What lessons for our intelligence collection efforts in this region can be learned from the surge?**

Answer: While I have not been briefed in detail about intelligence collection efforts in connection with the surge in Iraq, what impressed me greatly about the success of General Petraeus in Iraq was the focus of his counterinsurgency strategy on protection of the population, and his outreach to former Sunni insurgents as part of the Sunni Awakening. In other words, different policies contributed to far better collection of human intelligence.

The President recently appointed Ambassador Richard Holbrooke to be the Special Representative for Afghanistan and Pakistan. I have given Ambassador Holbrooke my ideas for a way forward, including an Executive Summary my staff put together following

their extensive review of this region. I expect, as a Member of this Committee and the Appropriations Committee, to be very much involved in coming up with and funding our strategy for this region.

- **What intelligence-related policy changes do you believe should be implemented with respect to Iraq, Afghanistan, and Pakistan?**

Answer: As indicated in my testimony, my first order of business will be to sit down with the professionals at CIA and review our current posture, determine where we have gaps, and put resources in places to fill key gaps. Iraq, Afghanistan, and Pakistan will undoubtedly remain very high on the list of intelligence priorities for CIA.

It is not clear to me whether a drawdown in U.S. forces in Iraq can result in a drawdown of intelligence resources there. If there is to be an increase in the U.S. presence in Afghanistan, there may be a need for enhanced intelligence resources covering Afghanistan and Pakistan.

If confirmed, I will be engaged in discussions with the DNI, the Secretary of Defense, and others in the policy community on this topic in the weeks and months ahead.

- **Have you discussed with the new Middle East Envoy and the Special Representative to Afghanistan and Pakistan what role the CIA will have in developing and implementing our nation's strategy?**

Answer: I have not yet had an opportunity to discuss CIA's role with Senator Mitchell or Ambassador Holbrooke, but I look forward to doing so at the earliest possible date. I have had long personal and policy relationships with both of these distinguished individuals. CIA can play a crucial role in supporting their work with timely, apolitical, and accurate intelligence. The CIA will not play a policy role in these areas, but will support policy with collection, analysis, and, where appropriate, other activities.

Covert Action

As you know, the Under Secretary of Defense for Intelligence has Title 10 and Title 50 authorities. The USD(I) was dual-hatted by DNI McConnell to serve concurrently as his Deputy Director for Defense. Yet, the USD(I) has, on occasion, asserted that this Committee does not have primary jurisdiction over his programs. This is of particular concern to this Committee as the USD(I) has interpreted Title 10 to expand "military source operations" authority, allowing the Services and Combatant Commands to conduct clandestine HUMINT operations worldwide. These activities can come awfully close to activities that constitute covert action.

- **What is the difference between covert action, military support operations, and operational preparation of the environment?**
- **When does preparing the environment become a covert action in all but name and authority?**

Answer: Covert action, as defined in statute, is an action by the U.S. government to influence conditions abroad where the role of the U.S. will not be acknowledged. Traditional military activities are exempt from the definition of covert action. Military operations or "preparation of the environment" – though clandestine in nature – are operations that, if discovered, could not be officially denied by the U.S. government.

As a practical matter, the line between covert actions under Title 50 and clandestine military operations under Title 10 has blurred.

I believe the requirements of Title 50 should apply in the case of a military operation that is intended to influence conditions abroad and where the Department of Defense is seeking to hide the hand of U.S. involvement. Further, I am concerned that Title 10 and Title 50 operations are not always well coordinated,

which is essential if they are to be effective. Finally, I am concerned that Title 10 operations, though practically identical to Title 50 operations, may not be subjected to the same oversight as covert actions, which must be briefed to the Intelligence Committees.

I have spoken with Secretary Gates about this matter, and I will continue to work with the Committees to ensure proper coordination and oversight of intelligence operations.

Questions for the Record from Senator Chambliss:

The bipartisan Commission on the Prevention of WMD-Proliferation and Terrorism just released its report, "World at Risk." The report concludes that "terrorists are more likely to be able to obtain and use a biological weapon than a nuclear weapon." Further, it stated, "only by elevating the priority of preventing bioterror will it be possible to substantially improve US and global biosecurity." The Commission recommended that the United States "ensure that the threat posed by biological weapons remains among the highest national intelligence priorities for collection and analysis."

- **Do you agree that biological weapons threats are among the highest US national intelligence priorities? If so, what concrete steps will you take as DCIA to reflect this?**

Answer: I agree that biological weapons threats are among the highest national intelligence priorities. Even less sophisticated biological weapons attacks that do not cause widespread damage would have a disproportionate psychological impact. More sophisticated attacks pose huge challenges, both in terms of addressing the consequences and finding out who carried out the attack.

Biological weapons are a particularly challenging intelligence problem, since many of the elements of a bioterrorism threat are dual-use capabilities that have

legitimate medical or research purposes. It is very easy to hide bioweapon research or development efforts under a legitimate and even unwitting cover. While some sensors can help address this intelligence problem, countering bioweapons is primarily a human intelligence problem. If confirmed, I will ensure that CIA analysts work closely with the National Clandestine Service to tailor effective collection operations, and that a very high collection priority is placed on this critical issue.

Disposition of Detainees

You stated during your confirmation hearing that you thought we would need some reporting mechanism to the courts to explain or justify why we continue to hold detainees whom we cannot prosecute.

- **Given that the President has the authority to detain individuals and the detainees now have the right to seek habeas relief, why is such a reporting requirement necessary?**

Answer: President Obama's Executive Order on detention establishes an interagency review team to recommend rules governing detention. If confirmed, I will become a member of that interagency review team. I would not want to prejudge the outcome of those deliberations.

It is my personal view that basic rules of fairness require a detaining authority to justify its detention of individuals. If we have justification to hold a dangerous individual, then providing such a justification to a Court is not an onerous requirement. CIA-developed information may come into play in these cases. If confirmed, I will work with Agency lawyers to protect intelligence sources and methods, while ensuring appropriate due process for detainees.

Questions for the Record from Senator Whitehouse:

Afghanistan/Pakistan

In your written statement, you noted that Al Qaeda has "reestablished a safe-haven in the border region between Pakistan

and Afghanistan" and still want to attack us. I have been out to this border and briefed on the difficulty that the border poses to efforts to defeat the Taliban syndicates and Al Qaeda. Meanwhile, neither the Taliban syndicates, nor Al Qaeda, respect the border. When I was in eastern Afghanistan, I was briefed about our efforts to facilitate the establishment of six Border Coordination Centers with Afghan, Pakistani and American soldiers working side-by-side, sharing information and coordinating their efforts. The first was stood up in late March of 2008 on the Afghan side of the Khyber Pass. Yet, to date, the others are not operational. I think these Coordination Centers are critical to our efforts to battle Al Qaeda and Taliban. I believe that the ongoing U.S.-Afghan military coordination and U.S.-Pakistan cooperation need to mature into trilateral coordination of military activities around the border and these trilateral centers offer one way to accelerate that process.

- **What do you think the U.S. Government can do to move more quickly to establish the remaining five Border Coordination Centers and make them secure and effective?**

Answer: The security and stability of the Afghanistan-Pakistan border region is central to U.S. national security interests. My understanding is that the Department of Defense is the lead U.S. agency in joint efforts with their Afghan and Pakistani counterparts to establish a series of six Border Coordination Centers. I will look into what the CIA may already be doing to contribute to this specific program; I do know that the Agency has extensive and productive exchanges about border security issues with its Afghan and Pakistani counterpart services. In addition, our analytic units may be positioned to advise U.S. policymakers on specific attitudes of our regional partners as they relate to strengthening security along the Afghanistan-Pakistan border. I can assure you that the Agency will share intelligence and analytic assessments that could contribute to the effectiveness and success of this important border coordination center program.

Bio-Defense

The 2005 bipartisan Robb-Silverman WMD Report stated that "we don't know more about the biological weapons threat than we did five years ago, and five years from now we will know even less." Now, almost five years later, we have the 2008 bipartisan Graham WMD Report concluding that "terrorists are more likely to be able to obtain and use a biological weapon than a nuclear weapon." Furthermore, it says that "only by elevating the priority of preventing bioterror will it be possible to substantially improve US and global biosecurity." The Graham Commission recommends the United States "ensure that the threat posed by biological weapons remains among the highest national intelligence priorities for collection and analysis."

- **Do you agree biological weapons threats are among the highest US national intelligence priorities? And if so, what concrete steps are you prepared to take to improve our collection capabilities to reflect this concern?**

Answer: I agree that biological weapons pose an extremely serious threat. Even less sophisticated biological weapons attacks that do not cause widespread damage would have a disproportionate psychological impact. More sophisticated attacks pose huge challenges in amelioration and attribution.

Bioterror is a particularly challenging intelligence problem, since many of the elements of a bioterrorism threat are dual-use capabilities that have legitimate medical or research purposes. It is very easy to hide bioterror research or development efforts under a legitimate and even unwitting cover. While some sensors can help address this intelligence problem, countering bioterror is primarily a human intelligence problem. If confirmed, I will ensure that CIA analysts work closely with the National Clandestine Service to tailor effective collection operations, and that a very high collection priority is placed on this critical issue.

Iran

- **If confirmed as CIA Director, where will the threat of Iran rank on your list of priority issues?**

Answer: Iran will remain one of CIA's top intelligence priorities. If confirmed, I will work to provide policymakers with analysis on the Iranian leadership's intentions, nuclear ambitions, and support for terrorism. As Iran will represent one of the key foreign policy challenges for the new Administration, so too will Iran remain in the top tier of priority issues for CIA.

- **Do you believe the U.S. intelligence apparatus has devoted appropriate resources to the issue of Iran, commensurate with the threat?**

Answer: I have only begun to receive briefings on the Intelligence Community's efforts regarding Iran. If confirmed, I will evaluate those efforts after I receive more complete briefings. In addition, as I testified before the Committee, I look forward to sharing this information with the Committee in closed session.

- **Given the economic difficulties Iran is currently facing, how effective do you believe tough, multilateral economic sanctions would be on the regime's calculations of their nuclear policy?**

Answer: I have only begun to receive analytic briefings on Iran, and it would be premature for me to speculate prior to having an opportunity to review what our analysts believe might be the impact of multilateral sanctions. I understand that some believe the sanctions imposed to date have produced mixed results.

As a general matter, I believe we need to have greater capability at CIA and throughout the Intelligence Community to analyze economic trends, including the impact of sanctions, and their potential impact on U.S. national security.

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

SSCI# 2009 -0673

January 30, 2009

The Honorable Dianne Feinstein
Chairwoman
Select Committee on Intelligence
United States Senate
Washington, DC 20510-6475

Dear Madam Chairwoman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Leon E. Panetta, who has been nominated by President Obama for the position of Director of the Central Intelligence Agency.

We have reviewed the report and have also obtained advice from the Central Intelligence Agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated January 23, 2009, from Mr. Panetta to the agency's ethics official, outlining the steps Mr. Panetta will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with any action he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Panetta is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

January 23, 2009

John A. Rizzo
Designated Agency Ethics Official
Office of General Counsel
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Rizzo:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Director of the Central Intelligence Agency.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Upon confirmation, I will resign from my position as a Director with the Zenith Insurance Company ("Zenith"). I hold common stock and restricted stock in Zenith. I do not have stock options in Zenith, and I do not participate in a deferred compensation plan. Consistent with the standard practice of Zenith for departing Directors, Zenith will accelerate vesting of my restricted stock upon my resignation, and it will become common stock. Although I have been advised that it is not necessary for me to divest my stock in Zenith, I will institute a screening mechanism with regard to Zenith out of an abundance of caution. Accordingly, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of Zenith, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

As indicated in my financial disclosure report, I have engaged in business as "Leon Panetta & Associates." I have not formed a corporation or other legal entity for this purpose; instead, clients have paid me directly. I will not continue to engage in this business following my confirmation. In addition, I will not participate personally and substantially in any particular

matter involving specific parties in which a former client of mine is a party or represents a party for a period of one year after I last provided service to that client, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

My spouse and I are co-Directors of a non-profit entity, which is known as The Leon & Sylvia Panetta Institute for Public Policy. Upon confirmation, I will resign from my position as co-Director, and this entity will change its name to The Panetta Institute for Public Policy. Following my resignation, my spouse will continue to serve as the Director of The Panetta Institute for Public Policy. As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of The Panetta Institute for Public Policy, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I also will not participate personally and substantially in any particular matter involving specific parties in which a former client of mine is a party or represents a party for a period of one year after I last provided service to that client, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). In addition, my spouse has agreed that, for the duration of my appointment as Director, she will not communicate directly with the Central Intelligence Agency on behalf of The Panetta Institute for Public Policy or any client.

Upon confirmation, I also will resign from the following positions with the following entities:

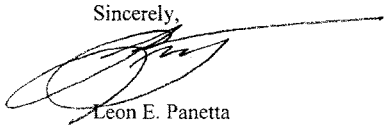
Santa Clara University (Presidential Professor) (member, Board of Trustees)
CA State University Office of the Chancellor (Distinguished Scholar, consultant)
Joint Ocean Commission Initiative (Commissioner & Co-Chair)
Blue Shield of California (Director)
Fleishman-Hillard (member, International Advisory Board)
Corinthian Colleges, Inc. (Director)
BP Corporation North America, Inc. (member, Advisory Board)
California Forward (Co-Chairman)
Public Policy Institute of CA (Director)
Aspen Rodel Fellowship Program (member, National Advisory Council)
California Foundation on the Environment and the Economy (Director)
Campaign for the Civic Mission of Schools - National Advisory Committee (Trustee)
Children's Neurobiological Solutions (member, Board of Advisors)
Inns of Monterey LTD & Inns of Cannery Road LTD (Director)
Meridian Institute (Director)
Pacific Maritime Association (Advisor)
Bread for the World (Director)
National Maritime Sanctuary Foundation (Director)
Close-Up Foundation (Director)
Junior Statesmen Foundation, Inc. (Trustee)
Monterey Bay Aquarium (Director)

Center for the Study of Presidency (Trustee)
Committee for Economic Development (Member, Steering Committee)
Consortium for Ocean Leadership (Trustee)
Council for Excellence in Government (Principal)
Committee on Constitutional System (Co-Chair)

I do not hold a financial interest in any of these entities. For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

When I resigned from my position as a Director of IDT in December 2006, I held shares of restricted stock that had not vested by the time of my resignation. IDT will vest any such restricted stock at any time that a former Director requests its vesting. Although the written plan materials require such a request to be made within 90 days of a Director's resignation, IDT has a standard practice of honoring all requests by former Directors for vesting, even outside of the 90-day period. IDT has advised me that it will honor a request from me to vest these shares of restricted stock, just as IDT would honor such a request from any former Director. Therefore, I have requested vesting of my shares of IDT restricted stock, and IDT will vest these shares within the next 90 days. Upon vesting, this restricted stock will become common stock in IDT. Although I have been advised that it is not necessary for me to divest this restricted stock in IDT, I will institute a screening mechanism with regard to IDT out of an abundance of caution. Accordingly, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of IDT, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Sincerely,



Leon E. Panetta

SF278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved:
OMB No. 3209-0001

Date of Appointment, Candidacy, Election or Nomination (*Month, Day, Year*)	Reporting Status (*Check appropriate boxes*)	Incumbent	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate	Termination Filer	Termination Date (*If Applicable*) (*Month, Day, Year*)
		[ ]		[X]	[ ]	

Reporting Individual's Name	Last Name: Panetta	First Name and Middle Initial: Leon E.
Position for Which Filing	Title of Position: Director	Department or Agency (*If Applicable*): Central Intelligence Agency
Location of Present Office (or forwarding address)	Address (*Number, Street, City, State, and ZIP Code*): California State University Monterey Bay, 100 Campus Center, Building 86-E, Seaside, CA 93956	Telephone No. (*Include Area Code*): (831)582-4200
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Senate Select Committee on Intelligence	Do You Intend to Create a Qualified Diversified Trust? [ ] Yes [X] No

Certification I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual	Date (*Month, Day, Year*): 1/23/09
Other Review (If desired by agency)	Signature of Other Reviewer	Date (*Month, Day, Year*): 26 JAN 09
Agency Ethics Official's Opinion On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official	Date (*Month, Day, Year*): 1/26/09
Office of Government Ethics Use Only	Signature	Date (*Month, Day, Year*): 1/30/09

Comments of Reviewing Officials (*If additional space is required, use the reverse side of this sheet*)

(*Check box if filing extension granted & indicate number of days* _____) [ ]

(*Check box if comments are continued on the reverse side*) [ ]

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)-- Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

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Reporting Individual's Name: Leon Panetta

SCHEDULE A

Page Number: 2

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual acount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples	Central Airlines Common				x												x						x										
	Doe Jones & Smith, Hometown, State			x																												Law Partnership Income $130,000	
	Kempstone Equity Fund					x																		x									
	IRA: Heartland 500 Index Fund							x						x											x								
1																																	
2																																	
3	Bond: Caterpillar Fin			X																	X												
4	Bond: Genl Elec Cap Cp			X																	X												
5	GNMA			X															X				X										
6	GNMA II			X															X				X										

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot be Used.

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Reporting Individual's Name: Leon Panetta

SCHEDULE A continued

(Use only if needed)

Page Number: 3

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

None ☐

	Assets and Income (Block A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	GNMA II			X															X				X										
2	GNMA II			X															X					X									
3	GNMA II			X															X					X									
4	Bond: Goldman Sachs			X															X				X										
5	Bond: Goldman Sachs				X														X					X									
6	Bond: Merrill Lynch				X														X					X									
7	Bond: Merrill Lynch			X															X				X										
8	Bond: Motorola Inc			X															X				X										
9	Bond: Unilever Cap Co				X														X					X									

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot be Used.

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Reporting Individual's Name: Leon Panetta

SCHEDULE A continued

(Use only if needed)

Page Number: 4

Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
None ☐																																
1 Discover Bank CD				X														X					X									
2 Morgan Stanley CD				X																X												
3 American Century Intl Bond Fd			X										X										X									
4 Artio Intl Equity Fd				X									X									X										
5 Bjurman Barry Micro Cap Growth Fd		X											X								X											
6 Dodge & Cox Income Fd					X								X											X								
7 Dodge & Cox Stock Fd					X								X											X								
8 Federated Capital Appreciation Fd Cl A		X											X							X												
9 Harding Loevner Emerging Markets		X											X								X											

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: Leon Panetta

SCHEDULE A continued

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Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

None ☐

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Janus Growth & Income Fd					X								X									X										
2	Loomis Sayles Bond Fd Cl R					X								X												X							
3	Meridian Growth Fd			X										X									X										
4	Oakmark Global Fd Cl I				X									X										X									
5	Rainer Small/Mid Cap Equity Portfolio		X											X							X												
6	Royce Premier Fd			X										X								X											
7	Schwab Core Equity Fd				X									X							X												
8	Vanguard Inflation Protected Sec Fd					X								X											X								
9	FHLB CD			X															X					X									

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SCHEDULE A continued

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Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

None ☐

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Schwab Cash Reserves					X								X									X										
2	Schwab Value Advantage Money Fund				X									X								X											
3	Leon Panetta & Associates, Monterey, CA																															Salary Spouse	
4	Catholic Healthcare West healthcare summit																															Honorarium $35,000	2/12-13/08
5	Zicklin School of Business @ Baruch College, the Wharton School & Center for Political Accountability																															Honorarium $20,000	2/28/08
6	Commonfund (arranged by Washington Speakers Bureau)																															Honorarium $28,000	3/10/08
7	Merrill Lynch (arranged by Washington Speakers Bureau)																															Honorarium $28,000	4/29/08
8	Carlyle Group (arranged by Washington Speakers Bureau)																															Honorarium $28,000	9/9/08
9																																	

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SCHEDULE A continued

(Use only if needed)

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Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

None ☐

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	American Association of Universities																															Honorarium $1,500	10/20/08
2	California League of Credit Unions (arranged by Washington Speakers Bureau)																															Honorarium $20,000	11/6/08
3	LECG																															Honorarium $25,000	11/14/08
4	Bay Area Bioscience Association																															Honorarium $10,000	1/18/08
5	California Forward																															Director's Fees $15,000	
6	California State University Office of the Chancellor																															Consulting Fees $150,000	
7	San Francisco Chronicle																															Honorarium $300	11/14/08
8																																	
9	Meridian Institute																															Director's Fees $25,000	

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SCHEDULE A continued

(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

None ☐

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Wachovia Corporation (arranged by Washington Speakers Bureau)																															Honorarium $28,000	10/30/08
2	Merrill Lynch (arranged by Washington Speakers Bureau)																															Honorarium $28,000	10/11/08
3	Monterey County Herald																															Writing Column $1,333	
4	Fleishman Hillard																															Director's Fees $120,000	
5	Corinthian Colleges, Inc.																															Director's Fees $11,500	
6	BP Corporation North America, Inc.																															Director's Fees $125,000	
7	Blue Shield of California																															Director's Fees $93,250	
8	Commonwealth Club																															Director's Fees $15,000	
9	Zenith National Insurance Corp.																															Director's Fees $170,000	

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SCHEDULE A continued

(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

None ☐

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Pacific Maritime																															Governmental Advisor Fee $60,000	
2																																	
3	Bank of America accounts: checking, savings & CDs			X															X				X										
4	Santa Clara University, Santa Clara, CA																															Salary $50,000	
5	Pacific Capital Bank CD			X															X				X										
6	1/2 interest of commercial office building, Monterey, CA					X												X							X								
7	IDT Restricted Stock Units 2,666	X															X				X												
8	Inns of Monterey LTD & Inns of Cannery R Monterey, CA																															Director's Fee $5,000	
9	Zenith Insurance Corp. Common Stock					X											X							X									

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SCHEDULE A continued

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Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

None ☐

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Zenith National Insurance Corp. Restricted Stock				X												X								X								
2																																	
3																																	
4																																	
5																																	
6																																	
7																																	
8																																	
9																																	

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Do not Complete Schedule B if you are a new entrant, nominee, Vice Presidential or Presidential Candidate

Reporting Individual's Name

SCHEDULE B

Page Number 11

Part I: Transactions

None ☐

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

	Identification of Assets	Transaction Type (x)			Date (Mo., Day, Yr.)	Amount of Transaction (x)												
		Purchase	Sale	Exchange		$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
Example:	Central Airlines Common	x			2/1/99			x									
1																	
2																	
3																	
4																	
5																	

* This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260; and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. **Exclude** anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $104 or less. See instructions for other exclusions.

None ☐

	Source (Name and Address)	Brief Description	Value
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
1			
2			
3			
4			
5			

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SCHEDULE C

Page Number: 12

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None [X]

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	$10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples:	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10 %	on demand					x						
1																
2																
3																
4																
5																

* This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: continuing participation in an employee benefit plan (e.g. 401k, deferred compensation; (2) continuation payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits

None [ ]

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example:	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	Leon E. Panetta 401(k) Profit Sharing Plan: I will retain my investments through this plan. All investments are disclosed on Schedule A.	Leon E Panetta 401k Profit Sharing Plan	1/1/05
2	Restricted stock: all IDT restricted stock will vest in the next 90 days	IDT Corporation, Newark, NJ	1/5/05
3	Restricted stock: following resignation, Zenith will accelerate the vesting of my restricted stock	Zenith Insurance Company, Woodland Hills, CA	5/00
4			
5			
6			

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Reporting Individual's Name	SCHEDULE D	Page Number
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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (*Name and Address*)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Santa Clara University, Santa Clara, CA	University	Presidential Professor	9/99	present
2	CA State University Office of the Chancellor	University	Distinguished Scholar	4/97	present
3	Joint Ocean Commission Initiative, Washington, DC	Non-profit	Commissioner & Co-Chair	12/96	present
4	Leon & Sylvia Panetta Institute for Public Policy, Monterey, CA	Non-profit	Co-Director	12/98	present
5	Blue Shield of California, San Francisco, CA	Health insurance	Director	6/01	present
6	Connetics, Palo Alto, CA	Technology firm	Director	9/00	12/06

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate

None ☐

	Source (*Name and Address*)	Brief Description of Duties
Examples:	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	CA State University Office of the Chancellor, Santa Clara, CA	Consulting services
2	Fleischman-Hillard, Inc., Washington, DC	Director services
3	Washington Speakers Bureau, Washington, DC	Speaking serviceses
4	IDT Corporation, Newark, NJ	Director services
5	CA Physician Service dba Blue Shield of California San Francisco, CA	Director services
6	Zenith National Insurance Co., Woodland Hills, CA	Director services

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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (*Name and Address*)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Fleishman-Hillard, Washington, DC	Public relations firm	Internation Advisory Board member	4/98	present
2	Corinthian Colleges, Inc., Santa Ana, CA	Private college	Director	9/08	present
3	BP Corporation North America, Inc., Houston, TX	Enery firm	Advisory Board member	11/05	present
4	Zenith Insurance Company, Wiidland Hills, CA	Insurance firm	Director	5/00	present
5	California Forward, Sacramento, CA	Non-profit	Co-chairman	12/07	present
6	Leon Panetta & Associates, Monterey, CA	Sole proprietorship	Sole Proprietor	12/98	present

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate

None ☐

	Source (*Name and Address*)	Brief Description of Duties
Examples:	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	Pacific Maritime Association, San Francisco, CA	Government advisor services
2	Santa Clara University, Santa Clara, CA	Teaching and speaking services
3	Genentech, Inc., San Francisco, CA	Speaking services
4	Assoc of CA Life & Health Insurance Companies Sacramento, CA	Speaking services
5	Meridian Institute, Washington, DC	Consulting services
6	BP Corporation North America, Inc., Houston, TX	Director services

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Part I: Positions Held Outside U.S. Government

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None ☐

	Organization (*Name and Address*)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Public Policy Institute of CA, San Francisco, CA	Non-profit organization	Director (uncompensated)	8/04	present
2	Aspen Rodel Fellowship Pogram, Washington, DC	Non-profit organization	Member, National Advisory Council (uncompensated)	2/05	present
3	Big Sur Land Trust - Marks Ranch Advisory Committee, Carmel, CA	Non-profit organization	Co-chair (uncomensated)	2/05	5/07
4	California Foundation on the Environment and the Economy San Francisco, CA	Non-profit organization	Director (uncompensated)	1/00	present
5	Campaign for the Civic Mission of Schools - National Avisory Committee	Non-profit organization	Trustee (uncompensated)	8/08	present
6	Children's Neurobiological Solutions, Santa Barbara, CA	Non-profit organization	Member, Board of Advisors (uncompensated)	1/01	present

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

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None ☐

	Source (*Name and Address*)	Brief Description of Duties
Examples:	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	Catholic Healthcare West, San Francisco, CA	Speaking services
2	Baruch College, New York, NY	Speaking services
3	Commonfund, Wilton, CT	Speaking services
4	Merrill Lynch, New York, NY	Speaking services
5	Carlyle Group, Washington, DC	Speaking services
6	Commonwealth Club, San Francisco, CA	Director services

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	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1					
2	Inns of Monterey LTD & Inns of Cannery Road LTD, Monterey, CA	Hotel association	Director	1/03	present
3	Committee for a Responsible Budget, Washington, DC	Bi-Partisan Committee	Member (uncompensated)	4/00	present
4	Meridian Insitute, Dillon, CO	Non-profit organization	Director	4/08	present
5	Pacific Maritime Association, San Francisco, CA	Non-profit organization	Governmental Advisor	4/98	present
6	Bread for the World, Washington, DC	Non-governmental organization	Director (uncompensated)	2001	present

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	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	American Association of Universities, Washington, DC	Speaking services
2	California League of Credit Unions, Fresno, CA	Speaking services
3	LECG, Emeryville, CA	Speaking services
4	Bay Area Bioscience Association, San Franscisco, CA	Speaking services
5	California Forward, San Franscisco, CA	Speaking services
6	Roger Williams University, Bristol, RI	Speaking services

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	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	National Maritime Sanctuary Foundation, Silver Spring, MD	Non-governmental oranization	Director (uncompensated)	2004	present
2	Close-Up Foundation, Alexandria, VA	Non-profit education	Director (uncompensated)	1999	present
3	Junior Statesmen Foundation, Inc., San Mateo, CA	Non-profit organization	Trustee (uncompensated)	4/03	present
4	Santa Clara University, Santa Clara, CA	Academic organization	Member of Board of Trustees (uncompensated)	2000	present
5	Community Hospital of the Monterey Peninsula, Monterey, CA	Health care organization	Trustee (uncompensated)	2000	2007
6	Monterey Bay Acquarium, Monterey, CA	Non-profit organization	Director (uncompensated)	2004	2008

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	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	Corinthian Colleges, Inc., Santa Ana, CA	Director services
2	Wachovia Corporation, Charlotte, NC	Speaking services
3		
4	Northwestern University, Evanstown, IL	Speaking services
5	National Association of Children's Hospitals, San Francisco, CA	Speaking services
6	National Multi Housing Council, Half Moon Bay, CA	Speaking services

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	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Center for the Study of Presidency, Washington, DC	Non-profit organization	Trustee (uncompensated)	8/08	present
2	Committee for Economic Development, Washington, DC	Non-profit organization	Member, Making Washington Work Steering Committee	9/06	present
3	Consortium for Ocean Leadership, Washington, DC	Non-profit organization	Trustee (uncompensated)	4/08	present
4	Council for Excellence in Government, Washington, DC	Non-profit organization	Principal (uncompensated)	8/00	present
5	Committee on Constitutional System, Washington, DC	Non-profit organization	Co-Chair (uncompensated)	3/99	present
6					

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	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	LPL Financial Services, Boston, MA	Speaking services
2	Leading Authorities, Inc. f/s/t MPRI, San Mateo, CA	Speaking services
3	Union University, Jackson, TN	Speaking services
4		
5		
6		

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January 8, 2009

The Honorable Dianne Feinstein
Chair, Committee on Intelligence (Select)
United States Senate

Dear Madam Chair,

I write in enthusiastic support of the nomination of Leon Panetta for Director of the Central Intelligence Agency. I believe the appointment to be an exceptional one for this particular time in our history.

I have known more than a dozen former Directors, as a Congressional staff member in 1959, as a member of the Murphy Commission in the 1970s, as a member of the President's Foreign Intelligence Advisory Board in the early 1980s, as Ambassador to NATO in the mid 1980s, and as Special Counselor to President Reagan to investigate the Iran Contra affair. Thus I have known all directors back to Allen Dulles.

A legitimate issue has been raised as to whether the Agency is best served by someone from inside the Agency, perhaps typified by Dick Helms, or an outsider. Of course, that all depends on the characteristics of the outsider. My bias at this particular time is for an outsider provided he is an experienced policy maker and a leader. As a member of PFIAB, I chaired a task force on the user/producer relationship. It is in this interface that the greatest breakdowns occur, either in the misuse of intelligence or intelligence not effectively offered.

An outsider, John McCone, replaced the legendary insider, Allen Dulles, but effectively recalibrated an Agency after the failure of the Bay of Pigs. That disaster had been brought about by lack of a broader scrutiny of the decision making process within the agency, a disease often characteristic of the insiders. George H. W. Bush, with no intelligence background, brought quiet competence and common sense to the Agency, with great caring for the employees. Finally Bill Webster, a judge and former head of the FBI, an outsider, brought creditability back to the Agency after the Iran Contra scandal. Furthermore, all of these directors were leaders who made the professionals proud.

1020 NINETEENTH STREET, NW ☆ SUITE 250 ☆ WASHINGTON, DC 20036 ☆ 202-872-9800 ☆ FAX 202-872-9811 ☆ WWW.THEPRESIDENCY.ORG

The Honorable Diane Feinstein
January 8, 2009
Page Two

At this time in history, I believe the CIA needs such experienced leadership and management. Leon Panetta is extraordinary in both areas, having demonstrated so in both the executive and legislative branches. He will bring out the best in the talented people of the Agency. He also has what most Directors of the CIA have lacked—a sense of constant examination of best use of resources—where and how the money is being spent. This he gained from his OMB experience. Also, he knows how to make intelligence relative to a president, as a former chief of staff.

Furthermore, Leon will also interface well with Bob Gates. As a co-sponsor of the Baker Hamilton Iraq Study group, I sat with both over a six month period and saw them as team members. As you well know, a major problem for the director of the CIA is the defense department's control over most of the country's intelligence budget. I firmly believe that Leon and Bob will bring a needed sense of team work to the CIA-Defense relationship.

Lastly, Leon is interested in a younger generation, as is President Elect Obama. He will be able to reach out to that generation on campuses across the country. Despite some of the mismanagement of the wars in Iraq and Afghanistan, the US military today has incomparable standing among Americans. The professionals of the CIA should have that same national recognition today, where they are too often unsung heroes. I believe Leon Panetta can help achieve just this.

With warm regards,

Sincerely yours,

David M. Abshire
President

NOMINATION OF LEON PANETTA TO BE DIRECTOR, CENTRAL INTELLIGENCE AGENCY

FRIDAY, FEBRUARY 6, 2009

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to recess, at 10:03 a.m., in Room SH–216, Hart Senate Office Building, the Honorable Dianne Feinstein (Chairman of the Committee) presiding.

Committee Members Present: Senators Feinstein, Rockefeller, Nelson of Florida, Whitehouse, Levin, Bond, Hatch, and Chambliss.

OPENING STATEMENT OF HON. DIANNE FEINSTEIN, CHAIRMAN, A U.S. SENATOR FROM CALIFORNIA

Chairman FEINSTEIN. The hearing will come to order.

We meet today to continue the confirmation hearing for Leon Panetta to become the Director of the Central Intelligence Agency. We'll proceed with the second round of questions for Mr. Panetta. Prior to that, I will call on Senator Chambliss. He did not have a first round, so he will go first with questions this morning.

I hope there will not be a need to send a lengthy list of questions for the record following this hearing. I believe everybody has had ample chance to ask their questions. And I'd like to ask that all questions for the record be submitted in writing by 5:00 this afternoon so we can get them over the weekend to Mr. Panetta for his responses.

Before the questioning begins, I'd like to offer the nominee the chance to make any statements up front or add or clarify any statements that he made yesterday. It's not necessary, Mr. Panetta, but if you'd like to, this is an opportunity.

STATEMENT OF LEON PANETTA, DIRECTOR-DESIGNATE, CENTRAL INTELLIGENCE AGENCY

Mr. PANETTA. What I would prefer is just to proceed with the questions, and——

Chairman FEINSTEIN. Fine.

Mr. PANETTA [continuing]. As we proceed, then I can make any appropriate clarifications.

Chairman FEINSTEIN. Fine. And I ask unanimous consent that the record for the hearing be held open for additional materials regarding the nomination. Without objection.

And I will turn to Senator Chambliss.

Senator CHAMBLISS. Thank you very much, Madam Chairman. And I apologized to the witness earlier for hopefully not being responsible for him having to be back here today. But obviously, with what was going on on the floor yesterday, I just got caught twixt and between.

First of all, Mr. Panetta, thank you for your willingness to come back in public service. You and I had a lot of contact during your

days in the Clinton Administration. And you served us well, and we appreciate your willingness to come back.

And I want to start off by asking about the interrogation process, and particularly about what has transpired over the last several years since September 11th. There appears to be some indication from some folks on the Hill that they're not only interested in going back and reviewing what's happened in the past, but even potentially moving towards prosecution of individuals who carried out interrogations in a way that we may not be interrogating folks going forward, even though there appeared to be legal justification for those interrogations.

And these individuals, obviously, will be your employees or your contract employees as DCI, so I'd like your comments and what your thoughts are relative to that issue.

Mr. PANETTA. Senator, thank you for the question. And as I indicated yesterday, my view is that, whether you agree or disagree with the opinions that were issued by the Attorney General with regards to interrogation methods, that the employees at the CIA were operating pursuant to those opinions. And I think as long as you operate based on the legal opinions that are provided by the Justice Department, by the Attorney General to guide you in those interrogations, that frankly you ought not to be prosecuted, you ought not to be investigated; you did your job, pursuant to the law, as it was defined by that Administration.

And for that reason, certainly as Director of the CIA, it isn't my intent to go to the past. I think we've got to move forward to try to deal with the challenges we face from here on out.

Senator CHAMBLISS. Obviously I can't imagine anything of more detriment to the morale of the brave men and women that carry out the job of the CIA if in fact the opposite to what you just alluded to was true or was to take place.

One of the criticisms of you—and you and I have talked about this in my office—is the fact that you don't have the experience that maybe some other DCIs have had in the past. And as we talk through what experience you do have there, obviously, as chief of staff to the White House you indicated you had the benefit of the PDBs, and you also sat in on national security meetings.

During that time when you were chief of staff, there were two NIEs that were issued relative to terrorist threats to the United States, one in 1995, I guess before you were chief of staff, and one in 1997. And, according to the 9/11 Commission report, the 1995 NIE predicted future terrorist attacks against the United States and in the United States, and it warned that this danger would increase over the next several years. It even indicated that the most vulnerable assets were the White House, the Capitol, such symbols of capitalism as Wall Street, et cetera.

My question is, were you involved in discussions relative to the issues pointed out in those NIEs? If so, tell me what the genesis of those discussions was and what preparations or action did you and those that you were involved in discussing this issue take relative to those significant warnings?

Mr. PANETTA. Senator, acting on recollection here, I believe I was there for the 1995 NIE as the chief of staff. I was not there in 1997; I'd left that position at that time.

But with regards to the terrorism NIE that was provided in 1995, as I mentioned yesterday to the Committee, terrorism was one of the major priorities that was identified within the Administration that needed attention—obviously, the bombings that took place, and the fact that it was clear that there was a rising threat with terrorists throughout the world. This became a major focus of attention within the Administration and within the White House.

The national security advisers—Tony Lake, Sandy Berger—constantly reminded the President of the importance of dealing with this issue. And as a result of that, people like Richard Clarke and others—and I can remember this, as chief of staff—brought to my attention as chief of staff when there were indications that additional threats were out there.

We had one instance where there were—there was a possibility that we had received information that they would take over airlines in the Philippines or be able to hold hostages. And as a result of that, we advised and took steps to ensure that would not happen. There were other things that took place, as well. But I can assure you that within the Administration there was a great deal of attention to the issue of terrorism and what steps we needed to take to try to protect this country.

Senator CHAMBLISS. Thank you, Madam Chairman.

Chairman FEINSTEIN. Thank you very much.

We will now go on to our second round of questions. I wanted to ask you a question about covert action. The CIA conducts covert actions under clear authorities and with clear oversight. And that's all laid out in the National Security Act. Each covert action must be authorized by a written Finding, signed by the President. And significant undertakings are governed by what we call MONs, or memoranda of notification. The Intelligence Committees must be notified. And there are quarterly updates to the Committees. We're going to have one shortly.

The Department of Defense has separate authorities under Title 10 for clandestine operations for military source operations. That's what they call it, in quotes, "military source operations." Now, these often are almost identical to covert operations, but under a different guise.

So you have one entity doing this, and you have another entity doing this. Do you believe the CIA should be consulted on these defense activities? Should the chief of station have oversight and the ability to veto such intelligence activities in his or her area of responsibility?

Mr. PANETTA. Madam Chairman, this is an issue that I think we are going to have to work with the committees, to ensure that there is not only proper notification but that there's coordination of these efforts. These are all covert actions. They come under different titles.

Title 50 requires, as you pointed out, that we go to the President, that we get the Finding, that we provide notice to this Committee. There are rules required under the law in order to ensure that the Committee and others are properly notified about the actions that are taken under covert action.

Under Title 10, these are military actions taken to basically deal with the environment in the battlefield. That's how this originated.

However, as a result of what we've seen in the last few years, there are clearly covert actions that are being taken that have to be coordinated.

There's no question here. There has to be coordination. If each of these go off on their own, we're going to be tripping over each other and we're going to be failing to use resources properly. And frankly it isn't going to work. What we need to do is to have better coordination of these efforts.

And I've talked to the Secretary of Defense about this, that we need to improve our coordination, that people in the field, particularly the station chiefs, need to be aware of these efforts so that they can coordinate them and make sure that each understands what is involved here. And I would think the third thing that I would suggest to you is that there has to be some kind of notification process that's involved.

Now, I understand, they do provide some notice to members of the Armed Services Committee. But, very frankly it seems to me that it's appropriate that perhaps the committees in the Congress establish some kind of notification procedure to ensure that it isn't just the Armed Services Committee but it's the Intelligence Committee that is aware of these kinds of actions.

Chairman FEINSTEIN. I thank you for that. I think that's very important. Some countries may be very small. The ambassador doesn't know. The chief of station doesn't know, and we don't know. And I think that's a big mistake. So I very much appreciate that answer.

Second question: What steps do you intend to take, beyond what has been done already, if there is anything, so that the analysis of information is improved, so we can be assured that a flawed and bad NIE cannot happen again?

Mr. PANETTA. It's really important to have analysts who are trained, who are aware of the country that they're getting information from, the sources that they're getting information from, and analysts who are prepared to ask questions, to challenge the information that's being provided, so that they can ensure that information comes from reliable sources.

I think, you know, I'm very impressed by the analysts that I've met. They obviously are in their own ways independent and objective. And I think that's important.

But sometimes there is—as we all know, within any bureaucracy there's a kind of groupthink that takes place, in which there's a sense that you kind of do it by the numbers. Information comes in, and you pass it on, and nobody says "stop, wait, what's involved here?" and is willing to challenge it. Because kind of the message in the bureaucracy, from my own experience is, you don't make waves.

Well, very frankly, you have to make waves. If you're not asking those questions, if you're not challenging, then that's when we make mistakes, and that's when this country becomes vulnerable. So what I hope to do, working with the good people in that section, is to create an atmosphere where they're willing to ask those questions and to challenge it, and if it doesn't happen at their level, you can bet it's going to happen at the Director's level.

Chairman FEINSTEIN. Well, I just want to say that my prime mission, and one of the reasons I was interested in the chairmanship of this Committee, is to see that it never happens again. I know I cast a vote that I have to live with for the rest of my life, based on that Iraq NIE. And I think about it every single day. So I will plague your house to see that we have in place everything we can to see that intelligence is good and never again is a Secretary of State put out before the world based on a CIA speech that is dead wrong.

Mr. PANETTA. I agree with that.

Chairman FEINSTEIN. Thank you.

Mr. Vice Chairman.

Vice Chairman BOND. Thank you, Madam Chair. And again, thank you, Mr. Panetta, for bringing your considerable background, experience and abilities to this position. I appreciated your answers to Senator Feinstein's two questions, and I agree with those.

But yesterday you made a statement with which I believe everyone on this Committee agrees, and you said, "We can protect this country. We can get the information we need. We can provide security for the American people. And we can abide by the law." That was the position of your predecessors in the previous administration, and that's what I've been aware of ever since I've served on this oversight panel. And I'm very pleased, as we all are, that you'll continue, if confirmed.

But I need to pick up where you left off yesterday, because I'm still not sure I completely understand your follow-up to one of your responses to the Chair during the first round of questions yesterday, and several others, in which you stated that the United States has sent individuals to other nations "for torture." That implies deliberate intent of U.S. officials to send individuals to other countries for the purpose of being tortured.

That's a serious allegation, and one which should not be made lightly or without evidence. Now, if that's ever happened, it's news to me. Former Secretary of State Rice made clear on a number of occasions what the Bush Administration policy was on renditions. For example, December 5, 2005: "The United States does not transport, and has not transported, detainees from one country to another for the purpose of interrogation using torture. The United States has not transported anyone and will not transport anyone to a country when we believe you will be tortured. Where appropriate, the United States seeks assurances that transferred persons will not be tortured."

Now, if you're saying that she was wrong and this was done, then I would expect your first order of business as Director of the CIA to round up your people that did this and turn them over with a crimes report to the Justice Department for prosecution.

I, for one, don't believe this has happened. So you said yesterday that you have not even been briefed into these programs, so I'm not sure how you can make such a statement. So my question is, what evidence are you basing this assertion on? Or would you like to retract that statement.

Mr. PANETTA. Thank you for the question, Senator, because I think there is some clarification required here because renditions are one of these areas where the press has identified extraordinary

renditions. Nobody quite has defined exactly what that means; everybody has a certain reaction to what is involved and there are obviously other kinds of renditions. Let me describe what I think are the three types of renditions that we need to discuss.

One is the rendition that takes place where individuals have been delivered to black sites and questioned there. Under the Executive Order that the President provided, because it requires that we eliminate black sites, that kind of rendition will not take place because black sites will no longer exist.

There is a second kind of rendition, where individuals are turned over to a country for purposes of questioning, and it is my understanding that—and I want to clear up the record on this—there were efforts by the CIA to seek and to receive assurances that those individuals would not be mistreated and that they did receive those assurances.

As I pointed out yesterday, there are obviously some claims that was not the case; I am not aware of the validity of those claims but clearly those claims have been made that was not the case. With regards to that area, I think using renditions we may very well direct individuals to third countries. I will seek the same kinds of assurances that they will be not treated inhumanely. I intend to use the State Department to ensure that those assurances are in fact implemented and stood by, by those countries.

In addition to that, I would point out that under the Executive Order, we are to look at those kinds of transfers and how that takes place to ensure that those kinds of assurances are received and that those countries stand by those assurances.

And I would point out there's a third area of renditions, which involves transferring individuals to countries for purposes of legal action, and in those instances I think those are appropriate tools of rendition and hopefully we would continue to use those.

Vice Chairman BOND. But to follow up on that, I don't believe I was clear on your answer. You stated yesterday that we transported people for the purpose of torture. Now, nothing you've said tells me that you have any solid information for that. Do you have any information? So would you retract that statement?

Mr. PANETTA. But Senator, on that particular quote—that people were transferred for purposes of torture—that was not the policy of the United States. It was clearly to transfer people for purposes of questioning and receiving assurances that would not take place. So to that extent yes, I would retract that statement.

Vice Chairman BOND. All right, because that's a serious assertion. Maybe media, liberal blogs—but having made that statement, you—not a private citizen, but as a nominee for this very important position—cannot be making statements or making judgments based on rumors or news stories. And that was one of the elements that was at the base of our misinformation and the bad intelligence we got, so I would ask you to assure this Committee that you will not make rash judgments based on hearsay, you will demand that the Agency make statements only based on hard facts and rule out political bias, determine the truth and then deliver your best judgment to us and to the President and, to where appropriate, to the media. Do I have your assurance?

Mr. PANETTA. Senator, you have my assurance that I intend to do that. My approach is going to be to seek the truth and do everything possible to seek the truth and I will in turn provide that kind of information to this Committee.

Vice Chairman BOND. Thank you, Mr. Panetta.

Thank you, Madam Chair.

Chairman FEINSTEIN. Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Madam Chair.

Two questions at this point, Mr. Panetta. The first: There's been some discussion about the rule of law and how it applies to interrogations that were conducted by the CIA. One of the hazards, as we all know, of the rule of law is it's not always easy. It's not always convenient and it's not always conducive to everybody's good morale. But it is, in my view, a very high principle.

In this case, the rule of law includes things like defenses that follow from, say, advice of counsel. Those are defenses that have their own legal limitations to them. You don't give up on a racketeering prosecution against a mobster just because he has a mob lawyer, who's handed him a document saying this is a legitimate business proposition. Advice of counsel has its limits. Waiver by estoppel is a doctrine that prevents a government agency that has licensed conduct from then sanctioning the conduct that it has itself licensed.

That as a doctrine of law also has its own limitations. However all this works itself out, will you assure that whatever backward look is necessary into the CIA and whatever forward conduct is undertaken by the CIA abides ultimately by the rule of law?

Mr. PANETTA. Yes, I think, as I said yesterday, as the son of immigrants who came to this country, the one thing that they always said was one of the reasons they came to this country was because of the rule of law. And I think that's what has made this country great; that's why we stand out as moral authority around the world, is because we abide by the rule of law. And I feel it's my obligation and, frankly, my sworn duty to ensure that we live by that rule of law in whatever we do.

Senator WHITEHOUSE. Even if it's not easy, even if it's not convenient, even if it's not conducive to everybody's good morale?

Mr. PANETTA. Senator, as an attorney, having dealt with cases like you and obviously having run into serious challenges as you go through a trial process to try to make those decisions, I'm still convinced that in the end it is the best process in the world for providing due process to individuals. And yes, it gets tough sometimes and yes, it's not convenient and yes, sometimes you don't get to the end you want to achieve. But the reality is that if you abide by due process, if you abide by our constitution and the rule of law, that in the end we serve the best interest of this country.

Senator WHITEHOUSE. Switching to the other side of the world, you noted in your written statement that al-Qa'ida has reestablished a safe haven in the border region between Pakistan and Afghanistan. Now, I've been out there and been thoroughly briefed on the difficulties that this border creates. The Talibani syndicates and al-Qa'ida don't even notice it. It is a zero-factor in their operations. For us, it is a significant factor because of the sovereignty prerogatives of the Afghanistan and Pakistan governments.

We have there a border coordination center that has been set up—just one. There are supposed to be six. My sense is that it's going very slowly. Only the one is operational and I think these border coordination centers, if they can develop into trilateral targeting and tactical direction centers for that area, could provide enormous advantage in the battle with al-Qa'ida and the Taliban syndicates.

I will ask you this question for the record because my time is running out and if you could get back to us in writing I would appreciate it, but I would like to know what do you think the U.S. government can do to move more quickly to establish the remaining five border coordination centers and make them secure, because as we all know there have been issues with information leakage in various places, and effective—as effective as we are capable of making them, which in other areas and contexts the coordination efforts have been extremely, extremely effective.

Mr. PANETTA. Senator, be careful not to get into a classified area here, but obviously let me look into that issue and try to get you the answer that I can provide because I think that issue is important. It's obviously an area where operationally there are all kinds of things that are taking place that are very important. But I believe that we need to set up those kinds of border stations in order to improve our relationship, in order to improve our security, particularly in Afghanistan.

Senator WHITEHOUSE. It has operational and political value because of the sovereignty problem. Thank you very much, Madam Chair.

Chairman FEINSTEIN. Senator Hatch, you are next.

Thank you, Senator Whitehouse.

Senator HATCH. Well, thank you, Madam Chair.

I'm not going to ask you, Leon, what you've been reading on intelligence as you prepare for this key position, but I am going to remind you that this Committee does much more than conduct nomination hearings, produce authorization bills—we will be passing one later this year, won't we, Madam Chair? [Laughter.]

Vice Chairman BOND. Two.

Senator HATCH. Two—that would be a wonderful thing.

As I mentioned in Admiral Blair's hearing, the Committee has conducted historic investigations, none more historic than the one that resulted in our report of July 2004 on the intelligence failures related to the Iraqi WMD. And yes, I'm blowing the Committee's horn but yes, this intelligence failure was spectacular and I cannot imagine anyone taking any responsible position in the IC without understanding it in detail. Have you read that report yet?

Mr. PANETTA. I have not read the full report.

Senator HATCH. You need to read it. I think it's important to you. Do you think it's important?

Mr. PANETTA. Absolutely.

Senator HATCH. Okay. Now, this may be unfair at this time but let me ask it anyway. What in your opinion were the causes of the intelligence failure regarding the Iraqi WMD and do you believe this could occur again and why and why not?

Mr. PANETTA. Well, obviously, I mean, this Committee did a full study into the issue and provided that report. I've looked at some

of the summaries that were involved there and there were several problem areas that developed. Obviously, one was that we did not have sufficient sources of information within that country to be able to verify that there were in fact weapons of mass destruction. And so a lot of this is the result of not having adequate resources, not having adequate assets within the country to help verify that kind of information.

Secondly, we relied on sources that were questionable in terms of saying that it was present. The questionability of those sources was not really brought to the attention of the people that should have known that. And thirdly, I think there was a kind of groupthink, in which everybody basically assumed that those weapons were there, that Saddam Hussein had used those weapons and therefore he must have them at the present time and frankly his behavior conveyed the impression that somehow he continued to maintain them.

Now, I think it's the result of all of that produced the NIE that said, essentially, that he had all of these weapons of mass destruction. It is a great learning lesson as to how you should not do intelligence. The problem is that sometimes when policymakers are trying to make decisions and move to a certain conclusion that people who are involved in intelligence will try to respond to what policy makers want to hear rather than the truth. And I think that's what took place.

Senator HATCH. While the DNI is specifically a named participant, the CIA Director is not specifically named as a member of the review team created by Executive Order that will consider the status of Guantanamo Bay detainees.

Do you expect to play, either personally or through personnel of the CIA, any role in the disposition of these detainees? And let me just add a couple other questions to that.

If criminal trials are initiated, either in the federal district courts or in U.S. military courts, what issues are there and what procedures should apply to take into account the need of the CIA to protect its sources and methods? That's an important question.

And finally, what criteria do you believe should be used to determine whether a detainee is tried, held indefinitely pursuant to a procedure other than trial or returned to another country or released? Sorry to add all those questions, but I think they go together.

Mr. PANETTA. Thank you, Senator. Obviously, there is established, under the Executive Order, a review process to go through the very questions that you've raised and to determine which individuals can be brought to trial, which ones ought to be transferred to other countries, and which ones ought to be held indefinitely. The reality is that, as Director of the CIA, I think I'll have to play a role because there's information involved here that involves our assets, that involves individuals and sources that were involved in the arrest of many of these individuals.

And so I hope to participate in that process, to provide that kind of information. Obviously, if there are situations where the information would reveal important sources or information that could jeopardize lives, then it would seem to me that the Attorney General and others who are going to make the final decisions need to

be aware of that, because that could impact on whether or not these individuals are tried.

There are going to be a group of individuals that I think all of us recognize will not be able to be tried for those reasons and probably ought not to be transferred because they remain dangerous. And it is that situation that I think we probably all need to focus on, because if we are going to maintain those individuals and keep them in prison, the reality is we probably ought to establish at least some kind of reporting mechanism with the federal courts to ensure that there is at least some mechanism to make the courts aware of why we are continuing to hold these individuals.

Senator HATCH. Well, thank you.

Thank you, Madam Chair.

Chairman FEINSTEIN. Thank you very much, Senator Hatch.

We are joined by Senator Nelson. As you know, Mr. Panetta, he is one of the crossover members between Armed Services and Intelligence, and we're delighted to have him. This is his first round, so if you require a little bit more time, just say so. Senator Nelson.

Senator NELSON. Well, if I took any more time, it would certainly upset Senator Rockefeller, who——

Chairman FEINSTEIN. You don't want to do that.

Senator NELSON [continuing]. Who likes to cut me off. [Laughter.]

But I'm accustomed to operating within those constraints. I just want to say that, as your name came up and the fact that the first questions arose, does Leon have any experience in this area, my response—and I think most of our responses—is that anybody who has been chief of staff in the White House is capable of handling any position in the government of the United States. And that, especially since you have had the wisdom, as you announced yesterday, to keep a real professional like Steve Kappes as the deputy.

I think it's a great team. One area that has not been covered is that there was some question in the past as to whether or not a message was sent of questioning or intimidation of the Inspector General of the CIA for that IG to do the aggressive job that an IG ought to do. We've seen that in some other agencies in the last eight years, and I'd like for you, just for the record, to say how you're going to handle your Inspector General.

Mr. PANETTA. Well, I'm a believer in inspectors general. I was in the Congress when the inspector general law was passed. I really do believe you have to maintain a person who's independent, who can investigate matters within the various departments and agencies. And I believe that having an IG at the CIA is extremely important for those very reasons.

And from my point of view, I expect the IG to perform independently, to be objective, to do the investigations that have to be done and to arrive at those conclusions without any interference from the Director or from people within the Agency. You need to have independent judgments that are made by the IG. And, if I'm confirmed, that will be the case with regards to my IG.

Senator NELSON. Just in conclusion, Madam Chairman, I just want to say that the privilege that I've had on this Committee and traveling on a good part of the globe and meeting the young people that are going into the CIA, I am mightily impressed. And as the

Director-designate indicated yesterday, so much of the success of his agency will be in human intelligence. And these young people that we have on the ground all over the globe are just exceptional. So I'm very optimistic.

Thank you, Madam Chairman.

Chairman FEINSTEIN. Thank you very much, Senator Nelson.

Senator Rockefeller.

Senator ROCKEFELLER. Good morning, Director-designate Panetta.

Mr. PANETTA. Good morning, Senator.

Senator ROCKEFELLER. This may have been discussed somewhat this morning already, but I wasn't here so how am I to know? I think, from my point of view, it's indisputable that the Bush Administration changed the United States interrogation and detention policies after 9/11. They used the fear of attack, John Yoo, neocon cabal—I mean, you can mix whatever you want into it—but there was no question, you know, this man can no longer do us any justice. These kind of public statements indicate carrying something further.

So I have disagreed strongly with the direction of the administration. But let me ask you this. Do you think that the Bush Administration ordered any renditions for any other reasons than because they thought, rightly or wrongly, that it would help secure our country?

Mr. PANETTA. No, I don't question the sincerity of the Bush Administration in trying to make decisions that they thought would protect the security of this country. I think they made some wrong decisions; I think they made mistakes. But I don't question the sincerity of how they approached that issue.

Senator ROCKEFELLER. So that you think that sometimes the government can get off track in doing things that are counterproductive, even if they intend for those things to be——

Mr. PANETTA. I think sometimes they believed that the ends justified the means, and I think that's where people sometimes go wrong. But I don't question that their ends were what they thought was in the security interest of this country.

Senator ROCKEFELLER. Do you think that the Bush administration got off track, for whatever motivation, maybe a good motivation, or not, on rendition policies?

Mr. PANETTA. I think what happens is that, obviously, in the concern about—particularly after 9/11—the concern of what happened to the country, the concern that perhaps we might suffer another attack, that in that mode that followed, in which there was a great deal of consternation about what could happen next, that it's at that point that you have to kind of stop and say, wait a minute, how do we approach this to ensure that we don't violate the Constitution and we don't violate the laws that are out there?

And I think, to some extent, in that situation, the mood—and I can imagine this within the Oval Office, having been there—that the mood is, we have to do whatever's necessary and take whatever steps we can, and that we can't be bothered with legalisms. And I think it's that kind of thinking process that probably took place.

Senator ROCKEFELLER. All right. Let's go on. We've got more than a billion Muslims in the world and President Obama has spo-

ken about that, you know, that there are some bad apples in there, but these are good people. Many of them are American citizens.

Their income, actually, is higher—average income is higher than the non–Muslim American income, because they're very, very successful in what they do and work very hard. Do you think that they believe the United States at least enabled the torture of Muslim detainees and, at worst, participated in torture? Do you think that would be their view?

Mr. PANETTA. Well, it's always dangerous to draw broad conclusions about how a group of people feel. I mean, I am sure there are those that think that was the case.

Senator ROCKEFELLER. And do you think that affects our counterterrorism policies—the effectiveness of them, implementing them?

Mr. PANETTA. Well, I don't think there's any question but that the approaches that were taken, the decisions that were made as to how we treat individuals has a serious downside in terms of causing damage to the moral authority of this country around the world. Our greatest weapon is our moral authority and our stature and the view that we always abide by the Constitution, and I think the sense that we were willing to set that aside, I think, did damage our security.

Senator ROCKEFELLER. Madam Chairman, I'll just ask to finish with a statement. Don't you think it's important, therefore, that if there are ambiguities, let's say if there's an incident and then they tighten up, they want to hunker down in the national security, but on the other hand, if they have, let's say, sort of what they call a unitary form of government—that there's really only one branch of government that counts—that we go to particular lengths, and that you might go to particular lengths, working with the White House to make sure that what is begun in the way of unusual methods is shared a little bit more easily with the Intelligence Committee, or a little more early with the Intelligence Committee than five years later?

Mr. PANETTA. I think the best way to ensure that those kinds of mistakes are not made is to rely on the process, our democratic process. A, that involves, within the White House and within the Administration, people who are willing to stand up and speak what they believe, that they're willing to say wait a minute, a serious mistake is being made here. I mean, that's not easy. I've been there; I know what it's like. People like to tell the President what he likes to hear.

You have to have people who are willing to stand up and say this is a mistake. And frankly, if they feel strongly enough about it, they ought to quit to make that point. In addition to that, the other part of it is the ability to speak to members of this Committee, who have a lot of experience, who have a lot of dedication to what this country is all about, and to have your input in that process. I mean, it makes a difference if, you know, the Vice Chairman or the Chairman go to the President of the United States and say wait a minute, you know, we've just been notified about this; this is wrong.

It makes a President stop and think about what's going to happen. Those are the checks and balances in the democratic process.

And when you avoid those checks and balances, that's when we get in trouble.

Senator ROCKEFELLER. And notification is at the heart of that?

Mr. PANETTA. Absolutely.

Senator ROCKEFELLER. I thank the Chair and I thank the Chairman for patience.

Chairman FEINSTEIN. Thank you very much. We'll begin another round.

Mr. Panetta, sometime in late 2006, I had a call from Al Gore who asked me if I would take a look at a program. The program was MEDEA. And I said I would and I had a meeting in February of 2007. I received the classified and the unclassified documents. I looked at them and what I found was that a program had been instituted where a very distinguished scientific panel was put together and certain assets were used to map climate change.

And as I looked at some of the mapping that was done, I found it to be very precise and very interesting, because it had a national security nexus. And it became a kind of ongoing compendium of what was happening in the world. Now, it has had people that are not very enthusiastic about it, to be very candid, within the Agency. We put it back into the intelligence budget, and I'd like to ask that you take a good look at both the classified and unclassified documents and, hopefully, support this program to its fullest.

Nothing can track climate change quite like the CIA's assets can. And if you do this over a period of years, even decades, I think we're going to get very, very useful and lifesaving information from it. So I am a big supporter of it.

Mr. PANETTA. Madam Chairman, the former Vice President gave me a call on this very issue and indicated his concern, having put this in place. And I know that you have exercised leadership on this issue to try to maintain that program. You know, my view is that we need to seek out important intelligence in many different ways in order to determine what the impact is going to be in terms of the security of this world.

For example, I think, on the economic side, we need to look at the impact of a worldwide recession in terms of the stability of countries like China and others and what the impact will be in terms of our own security.

The same thing is true with regards to climate change issues. We need to know if there are countries that are going through droughts—serious droughts—if there are sea-rise impacts on ports and facilities. We need to know that. We need to know what's happening in the world as a result of that. And I think that's an important aspect of gathering intelligence in a broad range of areas in order to get the best information possible.

Chairman FEINSTEIN. Thank you very much.

Now, a couple of quick questions. You know our concern about not being notified about people being taken from the field because of unacceptable activities. And I would like your commitment that the new Congressional relations person for the department carry out the National Security Act fully in terms of notifying this Committee, in writing, of bad events. The good takes care of themselves; the bad do not. And may I have that commitment, please?

Mr. PANETTA. Absolutely.

Chairman FEINSTEIN. And will you do this as a first order of business?

Mr. PANETTA. Yes, I will.

Chairman FEINSTEIN. I appreciate it very much. I have watched a situation—and I agree with what Senator Nelson said; people in the CIA are, in the main, very good. They care a lot about the country. They work very hard. They put themselves in great personal danger. And it's a very difficult job.

But I have seen occasions where the Agency has engaged in poor analytic tradecraft—we've been through that—poor use of taxpayer dollars, unbecoming conduct overseas and even applying incorrect legal standards to CIA operations.

And they've had no adverse affect on their career. As a matter of fact, some of them have even been promoted. How do you intend to hold people accountable for failures in carrying out what are, in fact, official duties?

Mr. PANETTA. Well, I'm a strong believer in ensuring good discipline within any operation, but particularly within the CIA, I think, it's very important that people behave according to a certain standard, because these are individuals that are out there. They're in difficult positions. They have to serve in difficult places and they have a difficult mission to implement.

We have to rely on their good character. We have to rely on their commitment to a standard of behavior that will ensure that the difficult job they do will not result in the kind of accusations and misbehavior that can damage the agency. I want to get that message across to the employees.

I believe as you do that a large majority of individuals associated with the CIA are good people trying to do the right kind of job. But one bad apple can hurt. And so my view will be that, if I find that kind of misbehavior, I'm going to take action to make sure that those kinds of individuals are either withdrawn or terminated from their position.

Chairman FEINSTEIN. Thank you very much.

Mr. Vice Chairman.

Vice Chairman BOND. Thank you very much, Madam Chair and Mr. Panetta.

We certainly agree on accountability, and the chair and I are working together to make sure we operate on a bipartisan basis, that our majority and minority staffs work together. And we also have to have open channels of communication with the intelligence community.

You may have already said it, but for the record, will you cooperate with the members of the Committee, Democrat and Republican, the chiefs of staff of the majority and the minority, responding promptly to any written or oral inquiries, sharing information as soon as it is available, directing your staff to do the same?

Mr. PANETTA. Yes.

Vice Chairman BOND. You've heard several examples where that's not happened. And we also want to set a new tone of bipartisanship on the Committee and assure accountability. And not just for you, but of our own operations as well. If we expect you to keep your house, then we expect you to help us. And information has

come to us that there may be problems in our own house. We have had to find that out by the back door, not having been fully briefed.

Therefore, would you agree to brief this Committee on any investigations or inquiries that you become aware of concerning leaks or security violations by Congressional staff both from the House and Senate? That would come in the form of criminal referrals through the Department of Justice or your own efforts and any subsequent result, findings, and/or damage assessments?

Mr. PANETTA. Yes, I would.

Vice Chairman BOND. As I said, we've learned about some of these by our own investigative work. And we'll find out about it at some point, but we expect you, when you are confirmed, as I'm sure you will be, to take the lead and let us know. If we've got a problem, we've got to fix it. So we will count on you so we won't have to ask the question, but you will come forward with it.

Mr. PANETTA. Senator, we are dealing with very sensitive issues, and sensitive intelligence, and lives are on the line. And I think when people misbehave and reveal those kinds of leak information that could impact and jeopardize lives, that's a serious matter.

Vice Chairman BOND. I couldn't agree more. And now, as we discussed yesterday, in order for the intelligence community to function as we've directed, the DNI must be the top intelligence adviser for the President. I think that's in the law. And will you ensure that any personal or professional relationship you may have with the White House takes a back seat, and the DNI, Director Blair, is the President's intelligence adviser?

Mr. PANETTA. Senator——

Vice Chairman BOND. I know it's not going to be easy. That's why I want you to—I want you to try.

Mr. PANETTA. You know what, I've spent my share of time in the Oval Office. That's not a big deal for me.

Vice Chairman BOND. Okay.

Mr. PANETTA. I'm fully prepared to allow the DNI to do that. And when the President wants me to be there, I'll be there.

Vice Chairman BOND. Further clarification on a question you answered yesterday about the use of contractors. Given the fact that high value detainees are very infrequently questioned, and that experienced interrogators in such sensitive matters may not be on the CIA payroll, and you will have to inform yourself fully of that if you've not. You mentioned yesterday a lack of language skill. Do you believe there should be a complete ban on using properly trained contractors under full CIA supervision for this purpose?

Mr. PANETTA. No, I wouldn't support a complete ban because there are going to be instances where you may have to get a certain language ability or a certain capability that isn't in-house. And if you've got to question somebody you're going to have to get somebody who has that capability.

Vice Chairman BOND. Under the strong supervision of CIA?

Mr. PANETTA. That's correct.

Vice Chairman BOND. On the detainees, Senators Roberts and Brownback and I have introduced legislation requiring Congress to be notified 90 days before any action is taken to close Guantanamo Bay and transfer detainees to the United States with a comprehen-

sive study addressing the feasibility of closing Gitmo, including the legal ramifications of transferring detainees to the United States.

Do you agree that Congress should be notified and provided with a full plan in advance of action taken to close Guantanamo and dispose of these detainees?

Mr. PANETTA. Obviously, there is this review process that's going on, and I would think that it would be very important to notify Congress as to what conclusions are arrived at, and be able to seek your guidance and consult in that process.

Vice Chairman BOND. Madam Chair, I have another line of questioning that's going to go rather long, so I will—well, I've already gone over my time anyhow.

Chairman FEINSTEIN. All right.

Vice Chairman BOND. I will wait until the next round.

Chairman FEINSTEIN. All right, thank you. Thank you, Senator.

Senator Hatch.

Senator HATCH. Well, thank you, Madam Chair.

I just want you to know that I feel very deeply as—your importance, and—and I respect your willingness to serve after all these years you've been back here, after all the pain you went through in the past in the Oval Office as well as probably even worse up here in the Congress. But I appreciate you, I always have. And I'm proud to support you.

But let me just ask you just one or two more questions. Correct me if I'm wrong on this, but if I recall, you've indicated that the CIA and the intelligence community may have a role with regard to globalization issues. What do you mean by that?

Mr. PANETTA. Well, you're talking about the economic area. I just think that what we're seeing happen as a result of this economic recession that's impacting across the world that we just need to be aware of what the implications of that are in terms of the stability of the world.

I mean, the best example of that obviously is China, and what could happen if they fall below a certain growth level, and what kind of stability problems might develop as a result of that. I just think we need to have the capacity to be able to gather that kind of intelligence and make sure that policymakers are aware of what——

Senator HATCH. Do you consider that part of what the CIA's role is in obtaining intelligence, in obtaining secrets that—some say stealing secrets.

Mr. PANETTA. It's all of that.

Senator HATCH. I didn't really want to say that, but there is something to it.

Just one last question. In your responses to the Committee's prehearing questions, you stated that the CIA Director can achieve sufficient independence from political considerations by ensuring that there's a system in place to produce clear, objective, unbiased, timely and complete analysis responsive to the President's needs.

Do you believe that the CIA has not been producing clear, objective and unbiased analysis? I just wondered what you feel, because you could go either way on that, and frankly, I'd probably go one way more than on the other.

And in your opinion what safeguards would be included in the system you describe?

Mr. PANETTA. Senator, you know, obviously, I guess we all have to draw our own conclusions about what happened with regard to how intelligence was presented to the President of the United States, and whether or not it was intelligence that the President and others wanted to hear, or whether it really revealed the truth.

Having been in the Oval Office, I understand that if you walk into the Oval Office, you're dealing with the President of the United States. The tendency is not to confront the President, but hopefully to try to tell the President what he likes to hear because you don't want to offend him. You're in the Oval Office. It has an intimidating impact on people that walk into that office; I've seen that happen.

But, at the same time, I think the President is badly served if he does not have individuals, not only within the White House staff but in agencies like the CIA, that are not willing to walk into the Oval Office and tell him the bad news, tell him what he may not want to hear. That's the role of having a CIA present the very best intelligence that has to be presented to the President. And it may often conflict with what the President wants to do. It may often conflict with what policymakers may want to do. It may often conflict with what the Joint Chiefs of Staff want to do. But the purpose of the CIA is to present that kind of information. And I think we violate certainly a commitment to presenting objective, independent intelligence if you only tell people what they want to hear.

Senator HATCH. Thank you. You know, there have been a plethora of books written about the CIA, many of them highly critical.

Mr. PANETTA. Yes.

Senator HATCH. Which I agree with, and a lot of which I think is overstated. But this is a very complex important position. And my caution to you is, you have tremendous academic credentials. You have great administrative credentials, good Congressional credentials. But you haven't had a lot of experience in this area. It's a very complex, very difficult area, as we all know. But if anybody can handle it, I personally believe you can. And I'm just personally grateful you are willing to take on this job.

I just hope that you will continue to help us here on this Committee to do our job. We have a very limited amount of time to spend on these things compared to the CIA Director and others at the CIA. So we need your help, and we hope you'll give it. And I know you will, having had lots of experience with you in the past.

Mr. PANETTA. Thank you, Senator.

Senator HATCH. Thank you for your service.

Thanks, Madam Chair.

Chairman FEINSTEIN. Thank you very much, Senator Hatch.

We are joined by the Chairman of the Armed Services Committee, also, the second crossover member of this Committee. And I'd like to recognize him. Senator, take the time that you need, because you missed a couple of rounds.

Senator LEVIN. Thank you so much, Madam Chairman.

Welcome again, Mr. Panetta. Yesterday you said that when you get to the Agency, which we look forward to, that you're going to be looking at the interrogation tactics which have been used and

whether those tactics yielded valuable information or misinformation, and whether damage done as a result of the use of those tactics might have counterbalanced whatever information was received. And that's fair enough and we think it would be valuable for you to do that.

But I think it's important that you broaden your inquiry when you look at what you call counterbalancing. I want to ask you whether you're willing to look at some other aspects of this issue that should go on that scale.

First, Alberto Mora, who is the former general counsel of the Navy, has pointed out that the tactics which were used damaged our national security down at the tactical or operational level in a number of ways. And he cited a number of examples.

First he said there are U.S. flag rank officers serving now who maintain that the first and second identifiable causes of U.S. combat deaths in Iraq, as judged by their effectiveness in recruiting insurgent fighter into combat against them are, respectively, the symbols of Abu Ghurayb and Guantanamo.

Now, so we have flag officers who are commanders who are saying that those symbols are the major cause of U.S. combat deaths because they helped to recruit people to come to war and to attack us. Will you take a look at that testimony and those statements of those commanders as part of your review? Because if you are looking to see at the balance, did we get any useful information, and is it counterbalanced by the—I think as you phrased it yesterday—the damage to our country, will you specifically take a look at that, what I just mentioned?

Mr. PANETTA. Yes. I think any review process that looks at those kinds of interrogation techniques and the value of whatever information was brought has to consider the downside, and you have just pointed out part of that downside.

Senator LEVIN. All right, let me give you some more downsides, which I'll ask you if you're going to take a look when you're looking at the overall scale here. Allied nations, according to Mr. Mora, have hesitated on occasion to participate in combat operations if there was a possibility that as a result individuals captured during the operation could be abused by U.S. or other forces. Are you willing to take a look at that downside?

Mr. PANETTA. Yes.

Senator LEVIN. Third, allied nations have refused on occasion to train with us in joint detainee capture and handling operations because of concerns about U.S. detainee policies. Will you take a look at that downside?

Mr. PANETTA. Yes, sir.

Senator LEVIN. Fourth, senior NATO officers in Afghanistan have been reported to have left the room when issues of detainee treatment have been raised by U.S. officials out of a fear that they may be complicit in detainee abuse. Will you add that to your list?

Mr. PANETTA. Yes.

Senator LEVIN. Will you also take a look at some of these other factors? When I visited our troops in Afghanistan, I spoke to one of our senior intelligence officers who told me that treating detainees harshly is an impediment, it's actually a road block—to use that officer's words—to getting useful intelligence from them.

Now this can happen in a number of ways. One of the ways this could happen—and there is testimony to this effect that we had at our hearings on torture at the Armed Services Committee—one of the reasons this could happen is that you actually can increase the resistance on the part of a detainee to cooperate, because if you mistreat him or abuse him or torture him, that can reinforce the idea that's been placed in his head that he will be tortured, and instead of treating that person humanely, which can break down that previous training that he's going to be tortured, it reinforces that previous training and makes it less likely that we would be getting information from him.

Now this is testimony from our people. Will you add that to your list of downsides from the use of these tactics?

Next, we have testimony and there's a great deal of it, that when you mistreat or torture people, that they will say anything to end the torture, particularly with waterboarding as an example. And when they say anything, that means that they will give you false information which can then be the basis of your taking action which can, because it's based on false information, actually cost lives and create injuries as a result of acting on the false information which is obtained when people will say anything or do anything to end being tortured.

Can you put that on your list?

Mr. PANETTA. Yes, I will.

Senator LEVIN. By the way, we have examples of that, or may be examples—I've got to be careful here. We don't know why a man named al–Libi gave us false information. We're not sure of that. But we do know he gave us false information, saying that first hand information that the Iraqis had trained al-Qa'ida in the use of poison gases. That was used as one of the major reasons, the linkages alleged between Iraq and the people who attacked us for our going to war. False information, part of the reasons used for going to war. So that becomes—and again, I'm not saying and I don't know that was the result of torture, but we do know it was false information, and that torture produces false information.

So I welcome what you're going to do. I think it's important, your review of the use of the techniques and the tactics, and to see whether or not the information which may have been produced by the use of abusive tactics counterbalanced the downsides, as you just put it. But I think it's important that you broaden this view. You could look at broadening on both sides of the equation. If there's anything on the upside, I don't know of it. But if there is any, throw that on the balance as well.

But sometimes it's much too narrow a view taken of the downsides of torture. We hear a lot, and properly so, about what we stand for as a country, and how we are injured when that perception of us is changed to a negative perception, how it makes it more difficult to win allies in the war on terror when we are perceived as engaging in inhumane treatment ourselves. And those are important points, and I've made them many times.

But specifically here, because you're going to get into this area when you are confirmed, I think it's important that you take a look at the vast number of downsides to our security and how we are harmed, and how these abusive practices cost us lives. The argu-

ment is made, they can save lives. Take a look at that, see if it's valid. But take a look at all of these downsides that exist.

And one further one. Just the other day when the prosecution of somebody had to be dropped because we had engaged in abusive tactics against that person, you know, if we lose the ability to prosecute terrorists because of our treatment of them, we surely are weakening our own security. And this seems to be evident by the acknowledgment by the convening authority of the military commissions, Judge Crawford who said the charges against al–Kitani could not proceed because she had determined that he had been tortured. So these are—putting aside all the moral issues, the endangerment to our own troops if and when they're captured, when we engage in these practices, there are significant threats to our own wellbeing and security when we engage in these practices.

And we look forward not just to your review, which you yesterday talked about, but also then, as you also committed to do, to keeping this Committee informed of that review.

Mr. PANETTA. Thank you, Senator.

Senator LEVIN. Thank you.

Mr. PANETTA. I appreciate all of your comments. This is obviously an important area to review. I think, when it comes to interrogation, everybody, going back to my days as an intelligence officer, everybody kind of had their own views as to what was the most effective way to draw information.

But I think in particular today, considering the situation we face in the world, we had better develop those kinds of techniques that produce the best kind of information and don't provide the kind of down sides that you pointed out. And hopefully the review process that I will conduct will look at all of these aspects.

Senator LEVIN. I believe you yesterday said that in any event, whatever this review produces, that you will not condone or authorize illegal conduct by CIA personnel or contractors.

Mr. PANETTA. That's correct.

Senator LEVIN. Did I hear you correctly?

Mr. PANETTA. That's correct.

Senator LEVIN. Thank you. Madam Chairman, thank you so much.

Chairman FEINSTEIN. Thank you very much.

I believe we're winding down, Mr. Panetta. There's likely to be votes at 11:30. I'd like to, just for a moment, follow up on what Senator Levin said, and then I think the Ranking Member and perhaps Senator Rockefeller has a question.

I feel very strongly about not using contractors for interrogation. I have studied the matter. I think there are real problems. Bob Mueller pulled his people out in 2002, and I think it was because of what they witnessed going on. I believe that any contract with a contractor to do interrogation should be severed.

I think the concept of,"Well, the government will distance itself from the person doing interrogation" is wrong. The military does their own interrogation. The FBI does their own interrogation. And I believe it was FBI interrogators in the 1993 World Trade bombings that got a number of convictions without torture. And an FBI interrogator that interrogated Saddam Hussein was able to get a death penalty sentence, again, without torture.

And, I mean, I've reached the point where this is a fundamental question of credibility, because it is a distancing of responsibility from the actions taken in the interrogation process. I really want your assurance that you will sever these contracts.

Mr. PANETTA. You have my assurance that, you know, I want to obviously go in and look at the situation and determine what's happening. But my approach is going to be to—as I said, I think these kinds of responsibilities ought to be brought in-house, particularly with regards to questioning and interrogation. And so my approach will be that this ought not to be areas that are contracted out and in which we allow others to do the job that we're responsible for.

As I indicated to the Vice Chair, there may be some situations—once we've gotten rid of these contractors, there may be some situations where we have to rely on a particular ability. But if that's to happen, it has to happen under clear supervision of the CIA. And frankly, I think we ought to inform this Committee if, in fact, we need to do that.

Chairman FEINSTEIN. I believe you should as well. Thank you very much.

Mr. Vice Chairman, do you have a comment?

Vice Chairman BOND. Yes, Madam Chair. I've got about two or three rounds of questioning and a comment.

Chairman FEINSTEIN. Well, we're not going to do two or three. Perhaps you can submit questions after——

Vice Chairman BOND. If there are further questions that Senator Rockefeller has, I'll be happy to yield to him. I can finish this up very quickly.

Chairman FEINSTEIN. Good.

Vice Chairman BOND. And I will have some further questions for the record.

But just for the record, Mr. Panetta, in December we were at the facility, the military facility in Afghanistan, and they found that two-thirds of their interrogators are contract employees operating under the close supervision of U.S. military officials. And they did so because those were the only, the contractors were the only people who had the ability. So your answer to my original question was correct. There are instances where you must use them. And we will leave it to the Armed Services Committee to look into the use of contractors there.

I want to pursue a line of questions that Senator Coburn brought up yesterday regarding former Director John Deutch. It's been reported that, as chief of staff in 1995, you backed the nomination of John Deutch as Director of Central Intelligence. Is that correct? Did you support——

Mr. PANETTA. I was chief of staff, and I think personnel actually made the recommendations, and I conveyed those to the President, and the President makes that choice.

Vice Chairman BOND. All right. As we found out after he left office, his actions while serving both as Deputy Secretary of Defense and the DCI caused grave damage to our national security. In 2000, the CIA's Inspector General issued a report on Mr. Deutch's improper handling of classified information. This report noted, "CIA records reflect that Deutch had problems before becoming Director with regard to the handling of classified information."

Knowing more about the classified portion of that report, I can tell you that quote is just the tip of the iceberg. Much lies below the surface. In summary, the Inspector General found Mr. Deutch to be a known counterintelligence risk, yet he was allowed to serve in two positions, at DOD and as DCI, all three requiring confirmations.

Neither the Armed Services Committee nor this Committee were made aware of the risks Mr. Deutch posed to our national security. And before he could be prosecuted, he was pardoned on President Clinton's last day in office, as were Marc Rich and others.

Can you tell me why, during the time you were chief of staff, if you had information on this, neither this Committee nor the Senate Armed Services Committee were informed that Mr. Deutch posed a counterintelligence risk that would have disqualified him from a position with access to our most sensitive information?

Mr. PANETTA. Senator, I can assure you that as chief of staff I was not aware of any of that information.

Vice Chairman BOND. With that potential security risk, would you think he would be an effective Director of the Agency?

Mr. PANETTA. Well, as I said, at the time I was certainly not aware of any of that information. He did do his job over at the Department of Defense. And, you know, as far as we knew, he had all of the capabilities to go in as Director of the CIA. Obviously the things you pointed out that have taken place after that occurred, looking back on it, it raises legitimate concerns.

Vice Chairman BOND. Did you at any time support or advocate a pardon for Mr. Deutch?

Mr. PANETTA. No.

Vice Chairman BOND. Well, I will ask you to review the IG report to see whether he should be holding a security clearance.

Mr. PANETTA. Right.

Vice Chairman BOND. Next, a staff statement to the joint inquiry into the terrorist attacks September 11 described some problems with the PDD–35 issued in 1995, which established a tier system for national security priorities. The staff statement noted that as certain threats, including terrorism, increased in the 1990s, none of the lower-level tier one priorities were downgraded so as to allow resources to be reallocated. The end result was that terrorism issues were set on a priority—remained on a priority with other existing priorities. Did you have any role in the issuance of PDD–35?

Mr. PANETTA. No, I did not.

Vice Chairman BOND. Were you aware of its existence when you were chief of staff?

Mr. PANETTA. I don't recollect that, Senator.

Vice Chairman BOND. And you don't recall whether you were briefed on that——

Mr. PANETTA. No.

Vice Chairman BOND [continuing]. PDD–35. One of the primary criticisms of the pre–9/11 world is that terrorism was treated primarily as a law enforcement matter, where much of the focus was on arresting and prosecuting terrorists. Do you now believe that terrorism is a law enforcement matter?

Mr. PANETTA. I believe it's a national security matter. And I think that those walls have come down, and they should come down, in terms of dealing with this threat.

Vice Chairman BOND. All right. The recent Executive Order ensuring lawful interrogations currently allows no flexibility for interrogating terrorists using techniques outside the Army Field Manual. Have you been briefed by General Hayden on his view that interrogation techniques listed in the Army Field Manual or in other media are not and will not be effective in obtaining critical information from well-informed, hardened and bright HVTs who have access to a description of these techniques?

Mr. PANETTA. I have not. Again, there is a review process that's built into that Executive Order that I am going to be a part of that will look at those kinds of enhanced techniques to determine how effective they were or weren't and whether any appropriate revisions need to be made as a result of that.

Vice Chairman BOND. I would hope you would. And I would ask you, do you believe the President has the authority to expand upon and supplement this order for the use of lawful techniques, lawful techniques, similar to but different from the EITs that are authorized in the Army Field Manual?

Mr. PANETTA. As I pointed out yesterday, Article II provides a great deal of power to the President of the United States. But I believe that whatever power he can exert under Article II still is limited by the laws passed by the Congress.

Vice Chairman BOND. And by treaties and the Constitution.

Mr. PANETTA. And by treaties and by other——

Vice Chairman BOND. And I think we're all in agreement with that. But I would ask you to pay very careful attention to that and report back on your findings.

Mr. PANETTA. Right.

Vice Chairman BOND. And I will submit several other questions based on general operations. And I would ask, finally, do you think Congress should legislate in the area of interrogation techniques, or is this something that must be handled by the executive with full briefing, using the Article II authority, carrying out the full briefing required by the Intelligence Committee?

Mr. PANETTA. I would hope—the preferred way to do that is to be able to have the Executive branch implement the approaches, but with full consultation with the members of this Committee so that Congress is fully aware of what approaches are being used and should be used.

Vice Chairman BOND. We would expect a full briefing. And we appreciate very much your answers.

Madam Chair, I think I'll just give him a few more questions——

Chairman FEINSTEIN. How about in writing?

Vice Chairman BOND [continuing]. For the record. I will do it.

And when you give us the notifications that we asked about, this business of calling up a member of the staff, one of the staff directors, and saying, "Here's some information," and when they asked for it writing, said, "Oh, we can't do that," that day has come to a close.

Mr. PANETTA. It has.

Vice Chairman BOND. Well, I thank you, Madam Chairman. Most of all, I thank Mr. Panetta for taking on a very difficult job.

As you have seen, we follow the work of the community very closely. We want to work with you, because your success and the success of the great men and women you will be leading is absolutely critical to our national security. So I thank you, Mr. Panetta, for being willing to get back into the ring. You deserve a lot of credit.

Chairman FEINSTEIN. I also would like to thank you and look forward to your service. We will keep the record open. Hopefully the questions will be in by 5:00 tonight, and hopefully you will be able to answer them over the weekend. It is my intention—I believe we're having three meetings next week—to schedule a markup at one of them.

So at this time the hearing will be adjourned.

Thank you very much.

[Whereupon, at 11:28 a.m., the Committee adjourned.]

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