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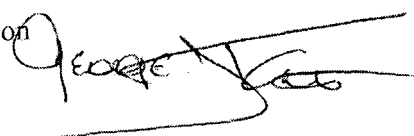
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MEMORANDUM

February 16, 2005

To: Inspector General Helgerson

From: George J. Tenet



In responding to your assessment of my performance as Director of Central Intelligence in the period leading up to the tragedy of September 11, 2001, I must tell you in the strongest possible terms that your report has mischaracterized my leadership of both the Intelligence Community and the CIA with regard to the strategy, plans and actions which I directed to deal with a very difficult problem.

The segment of the report that I read portrays almost no understanding of the resource context in which the Intelligence Community was operating, the programmatic priorities established by me, the obstacles I had to overcome to secure more resources, both dollars and people, to meet all of our highest priorities. The report also shows no understanding of the geopolitical context in which we were operating during the mid to late 1990s, or the requirements to perform against specific intelligence priorities which, as a matter of record, are levied upon US intelligence not by the DCI, as your report suggests, but by the President of the United States, through the National Security Council, as embodied by PDD 35.

The report's characterization of my efforts as solely relying on CIA to combat terrorism is simply wrong. Your characterization of my "forceful" efforts as being only tactical is also wrong. The report distorts the context that I operated in as DCI and as the Director of CIA. The report ignores the strategic choices I had to make in the mid to late 1990s across the board to resuscitate the acquisition of technology and people. It also ignores the significant realignment and counterterrorism strategy that we forcefully put in place in 1999 that benefits the war on terrorism today. Because we developed The Plan in 1999, we were able to respond to the September 2001 attacks by increasing a wide variety of actions already underway, after this Administration provided a needed infusion of funds to carry out those activities. We did not have to go from a standing start to war footing immediately after September 11, because the Intelligence Community was already well engaged.

Our actions with regard to the growing threat of terrorism were strategic, tactical and operational. The senior policy makers most deeply involved in making decisions with regard to terrorism, from the President through the Principals and Deputies Committees of the National Security Council, were intimately knowledgeable about the threat. Our reporting and analysis ensured that this was so.

Even though senior policy makers were intimately familiar with the threat posed by

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terrorism, particularly those in the previous Administration who had responded to major attacks, they never provided us the luxury of either downgrading other high priority requirements we were expected to perform against, or the resource base to build counterterrorism programs with the consistency that we needed before September 11.¹

When I became DCI, my first responsibility was to rebuild the Intelligence Community, in the midst of enormous resource and personnel turmoil, in order to enhance our strategic ability to address the highest priority threats to US security, including, but hardly limited to terrorism. In terms of countering terrorism, I put in place a strategy through the DCI's Counterterrorism Center that was designed to drive the Intelligence Community's collection and operations to penetrate al-Qa'ida's leadership. I recognized that we needed to enhance our ability to warn, analyze, deter and disrupt actions contemplated against US national security interests.

In the resource environment in which we operated, dollars and people devoted to countering terrorism continued to grow while other priority activities remained flat or declined. While your report focuses on resources devoted to the DCI's Counterterrorism Center, it does not appear to take into consideration resources provided to other aspects of our strategy to combat terrorism. My approach included funding provided

to the area divisions of the Directorate of Operations and to the field where the target was located,

to the collection activities of the National Security Agency

[Redacted]

to the expanded work of NIMA (now NGA)

[Redacted]

to fund strategic liaison relationships which provided us access to the al-Qa'ida target that we could not achieve unilaterally.

The Joint Inquiry Committee never took cognizance of the context in which we were operating in the Intelligence Community and blurred the distinction between

¹ In terms of intelligence priorities, your report charges that I made a "strategic error" in not issuing a "formal reprioritization of intelligence priorities" between 1997 and 2001. Your report also finds it "ironic" that I cited PDD 35 in not "halt[ing] completely any collection or analytic coverage" and "the need to maintain global coverage." As DCI, I did not set national intelligence priorities. President Clinton did in issuing PDD 35. I could issue guidance within the constraints of the overall policy, but I could not unilaterally ignore a presidential directive. To the extent I was able to do so, I shifted resources through the budget process to cover as many competing demands as possible. But there was no inclination shown by the NSC in the previous Administration to revisit PDD 35. Given the policy context before September 11, I take exception to your report's assertion that I should have formally reprioritized intelligence "issues" before September 11.

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strategic and tactical decisions. As a result, your report starts from the perspective of conclusions that I believe to be terribly flawed.

To provide an understanding of the context in which we were operating, I am submitting as part of my response, at Tab A, a study prepared earlier at my request entitled "DCI Report: The Rise of UBL and al-Qa'ida and the Intelligence Community Response." It was not reviewed by the Joint Inquiry Committee. I ask that you factor it into your final report as part of my response.

I am also providing, at Tab B, my response to the 9/11 Commission's staff statement #11, and I ask that you review it as part of my response.

December 1998 Memo and My Call for a New Strategic Operational Plan

On the basis of the record, I categorically reject your report's assertion that I was overly focused on CIA's tactical operations against al-Qa'ida at the expense of leading the Community against the target. My efforts drove community-wide collection initiatives (led by the ADCI/C), established the framework for our entire approach against Bin Ladin and al-Qa'ida (embodied in the 1999 Plan), established and nurtured liaison relationships around the world with countries willing to act with us in periods of heightened threat and in advancing our strategic objectives. I know that all these efforts resulted in actions that saved lives. During the Millennium period we launched the largest disruption operations in history both worldwide in cooperation with key foreign services and in the United States in full cooperation with the FBI. Similar disruption operations took place during [redacted] at other critical times. Through my relationships with the leaders of the Intelligence Community, including my strong partnership with FBI Director Freeh, and in my work with foreign liaison partners, I was leading the Intelligence Community.

My memorandum of December 1998 was recognition of the seriousness with which I took the threat posed by Bin Ladin and his organization. It was also recognition on my part that all elements of the Community and CIA needed to do more to penetrate al-Qa'ida.

My concern was never simply a matter of augmenting covert action. Covert action is not successful in the absence of hard foreign intelligence. It was clear to me at the time that while we had been somewhat successful in pursuing a law enforcement approach in battling al-Qa'ida, we did not have adequate SIGINT coverage and did not have enough human penetrations of al-Qa'ida. In my view, the most important strategic message of the memorandum was that we needed more and better basic intelligence. Covert action against Bin Ladin and his key operatives was not possible without it.

I issued the memorandum with the intent of driving new collection and operational

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initiatives. I sent it to my immediate team of senior leaders who were empowered to help the DCI run the Community. CTC was, and is a Community entity, not just as a CIA unit, as your report suggests.

The most important tasking in the memorandum was not, as you suggest, to have the DDCI "chair a group to coordinate the actions proposed above" but rather the tasking to the ADCI/C, Charles Allen: "We need to immediately push the rest of the collection community to make Bin Ladin and his infrastructure our top priority. I want Charlie Allen to immediately chair a meeting with NSA, NIMA, CITO, and others to ensure we are doing everything possible to meet CTC's requirements."

ADCI/C Allen's efforts became the most powerful vehicle at my disposal to energize and focus the entire Community. I most directly disagree with your report's suggestion that Mr. Allen's efforts were ongoing and, in effect, that there was no new initiative in response to my December 1998 memorandum. To the contrary, Mr. Allen took action as a result of my initiative and focused the Community's collection efforts intensely. His work was not routine as your report suggests. In responding to me in December 1998, the ADCI/C advised that collectors had already taken an extraordinary range of steps since the East Africa Embassy bombings and that all collectors were closely working together. But, contrary to the implications in your report, this response was only the beginning. I have enclosed (at Tab C) a summary of the activities pursued by Mr. Allen and the Community's collection cell he established to meet CTC's requirements from all the disciplines. The closing paragraph of that memorandum merits particular emphasis:

"Under the direction of the ADCI/C the Community's collectors pursued an aggressive, integrated, and sustained collection effort to bring bin Ladin to justice and to disrupt and dismantle his al-Qa'ida organization. These efforts, undertaken at a time when intelligence resources were sharply declining and the Community was focusing on other important targets worldwide (China, Russia, North Korea, South Asia, and other terrorist targets like Hizballah), reflected the highest degree of urgency and priority."

An initiative derived from the 1998 memorandum was the creation of CTC's "The Plan" in 1999. It included a strong and focused collection program to gather intelligence and to act against Bin Ladin and his associates in sanctuaries including Sudan, Lebanon, Yemen and, most importantly, Afghanistan.

The Plan was widely briefed within the Intelligence Community, the policy community, and to key foreign liaison partners. It was briefed to this wide audience because it was our strategic approach in attacking Bin Ladin.²

² I take particular exception your report's charge that I issued the December 1998 memorandum but its message was never properly communicated. Your report spends paragraphs detailing who was on distribution of the memo, who did or did not attend meetings, and so forth. The implication of the report is that there was no follow through by me or others and, more offensively, that I simply issued a memorandum as an exercise in venting. The completion of The Plan, which captured key elements of my

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The ADCI/C used The Plan to drive collection activities inside Afghanistan and around the world. He convened frequent meetings of the National Intelligence Collection Board, consisting of the most senior collection managers in the Community, to develop comprehensive strategies to support, in particular, CTC's human operations against al-Qa'ida. He created a dedicated al-Qa'ida cell, which met daily with collection managers from NSA, NIMA, DIA and CIA to bring collection focus on the Afghanistan sanctuary. In addition, he participated in daily meetings with the Executive Director of CIA and senior leaders of CTC, including the Chief, Deputy Chief and Chief of Operations, to ensure that Community-wide collection initiatives were seamlessly integrated with those of CTC.

Following my 1998 memorandum and the 1999 Plan, [redacted]

I bring to your attention the submissions of NSA, NIMA and FBIS to demonstrate that there were serious initiatives undertaken by the Community before September 11. I was not, as your report suggests, merely focused on CIA activities. In my view, the American Intelligence Community was responding to my strategic and tactical imperatives in attacking al-Qa'ida. Collection imperatives were directed by Mr. Allen's collection cell, as focused by The Plan developed by CTC. NSA and other Community components were focused on al-Qa'ida and Bin Ladin as significant threats requiring our best efforts to combat. As an example, in December 1999, I raised a full alert based primarily on specific HUMINT reporting. As a result, our government's largest ever capture and rendition campaign was initiated. It involved the integration of action by FBI, CIA and foreign partners. [redacted]

[redacted] Information acquired in early 2002 confirms that a major attack was averted in the 1999-2000 time frame. I raise this to underscore that I was driving the Community to collect more and better foreign intelligence, and we were responding as a Community in preventing attacks and saving lives. I was not simply focused on CIA activities, as your report charges.

December 1998 memorandum, was fully briefed to, among others: The FBI [redacted] in September 1999; the National Security Council on September 29, 1999; Richard Clarke on November 15, 1999; National Security Advisor Berger (the executive summary) on November 30, 1999; the NSC Small Group on December 2 and 3, 1999; Lt.Gen. Kennedy on January 4, 2000; Army Vice Chief of Staff Keane on January 31, 2000; General Taylor, State Department Counterterrorism Coordinator on July 1, 2000; former Secretary of State Kissinger, former DCIs Helms and Woolsey, and selected Members of Congress in July 2001. In short, the key officials working on terrorism knew full well what my approach was.

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Another key element of my strategic approach to countering terrorism was leveraging liaison relationships with key partners abroad. While we were developing and implementing a strategic plan to target Afghanistan and other terrorist sanctuaries, the Community also had to deal with periods of enormous threats to the United States: during the Millennium period, the Ramadan 2000 period and the Spring and Summer leading to September 11, 2001. We launched important, robust operations throughout the world using the best intelligence our Community could generate to propel our foreign partners to action. This was not a matter of the DCI simply making phone calls to chiefs of service as your report suggests. Rather, it was a matter of forging strategic partnerships around the world with key services, often through the provision of training and technical assistance, the passage of SIGINT, imagery and analysis that broadened our reach so that when phone calls had to be made, service chiefs would respond to our requests for action.

We identified strategic partnerships we deemed essential. Our placement of Counterterrorism Intelligence Centers (CTICs) was driven by a strategic understanding of the critical access these countries could provide to enhance our operational and technical reach. While resource constraints limited the number of CTICs we could establish before September 11, we were able to increase substantially the number of centers quickly after the attacks because of our previous, successful experience in proving the concept.

At every liaison meeting with a chief of a foreign service that I had in my office or in the field during my travels, I put al-Qa'ida at the top of the agenda. There was nothing "tactical" about my efforts. I had only one overriding objective and that was to increase access for US intelligence to target al-Qa'ida.

There were frustrations to be sure.

A demonstration of the Community's active engagement against al-Qa'ida before September 11, and my leadership efforts, is a map of Afghanistan on September 10 that I had prepared for congressional testimony (located in a pocket of this binder.)

It shows the fruits of working with foreign liaison partners: human and tribal networks working for CIA. We never lost sight of the strategic imperative laid out by CTC in The Plan either as an Agency or as a Community.

Your report does not reflect the reality I lived as Director of Central Intelligence. It

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does not reflect my active engagement, sometimes on a daily basis, with the National Security Advisor, with Richard Clarke and with other members of the national security team.³ It does not reflect my strong, personal relationships with the Directors of NSA, NIMA, DIA and other leaders of the Intelligence Community, and their direct involvement and knowledge about counterterrorism matters. It does not present any cogent characterization of my efforts to develop and nurture key relationships with foreign service chiefs who became essential partners in the war on terror. It does not demonstrate any appreciation of the efforts of Charles Allen's National Intelligence Collection Board and his daily meetings of collection managers and CTC officials.

Nor do the portions of the report I have been allowed to read provide any insight into the accomplishments we achieved against terrorists before September 11. In this regard, I again ask that you review "DCI Report: The Rise of UBL and Al-Qa'ida and the Intelligence Community Response" at Tab A. We, as a Community, disrupted terrorists around the world and prevented the loss of life. We used technology, leveraged foreign partnerships and operated at a feverish pace at critical times against a determined and elusive target. With all my heart I wish we had stopped the attacks of September 11. But I also know that I remained focused on terrorism, not just as head of CIA, but also as leader of a Community in trying to prevent harm.

Resources

The report's discussion of resources is devoid of the strategic context in which I was operating and the geopolitical context faced by the Intelligence Community. Neither my predecessors nor I had the luxury of thinking about one issue alone. Our responsibility was to look to the future, to understand changing technology and practices adopted by our adversaries, and then to provide the strategic guidance necessary to close those gaps.

To restate the facts that guided my strategic approach as DCI: during the 1990s, as a Community, we had lost 25 percent of our people and nearly \$30 billion in investment compared to the 1990 baseline. The rebuilding of the entire Community became my strategic focus, a focus that would benefit our actions against terrorism and the high priority targets established by the President in PDD 35. Key elements in rebuilding the Community included the following:

³ In this regard, your report appears to presume that I was the only official in our government who was responsible for designing a strategy for operating against al-Qa'ida. In fact, National Security Advisor Berger, and at his direction, Richard Clarke, were actively engaged in developing approaches to deal with Bin Ladin. By example, after the Millennium threat period, Sandy Berger called for a full evaluation of the government's counterterrorism posture, including funding. We actively participated in that review. Substantial funding increases were proposed, but none were forthcoming. And, in the final months of the previous Administration, Berger commissioned the development of a strategy to attack al-Qa'ida without regard to funding constraints. DDCI McLaughlin actively worked with CTC in the preparation of the strategy, which was presented in modified form by Richard Clarke to the new Administration shortly after it took office. Your report does not discuss these initiatives and therefore fails to provide important context and understanding of what we were attempting to accomplish.

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-- We had to invest in the transformation and rebuilding of NSA to attack the modern communications that terrorists and other adversaries were using.

-- We had to invest in a very costly, future imagery architecture to replace aging satellites.

-- We had to overhaul our recruitment, training, and deployment strategy in rebuilding the clandestine service, critical to penetrating terrorist cells and other targets.

-- We had to invest in analysis by recruiting, training and equipping the best analytic talent we could find.

While we were rebuilding across the board, we ensured that funding for counterterrorism continued to grow. We did this in an environment when both Congress and the Executive Branch embraced the idea that we could surge our resources to deal with emerging intelligence challenges like terrorism, rather than provide us sustained funding.

Your report does not adequately address the context of an Intelligence Community that had to respond to wars in Bosnia and Kosovo, the prospect of war between India and Pakistan, China's military buildup and threat to Taiwan, the requirements of policy makers, particularly in Congress, to pursue narco-traffickers in Central and South America, and numerous other such requirements. Despite all of these stresses, despite the fact that we had effectively been in Chapter 11 as an Intelligence Community, we continued on a path to methodically increase both CIA and Intelligence Community resources and our personnel base devoted to terrorism.

Your report criticizes my efforts to devote sufficient resources to counterterrorism. Yet, nowhere in the portions of the report that I was permitted to read, do you indicate what resources would have been sufficient.

The report fails to recognize my direct efforts, together with those of the DDCI for Community Management, to secure more funding for the Intelligence Community and to make tough reallocation decisions to increase our Community-wide efforts to counter terrorism. Let me provide some facts. In two succeeding years, 1998 and 1999, I wrote to the President of the United States in my capacity as DCI to implore him that we needed more money for US intelligence. In my 5 November 1998 letter I stated: "Specifically, we must sustain the increased intelligence funding levels provided in FY 1999 appropriations acts and emergency supplemental appropriations acts [terrorism]. This will require roughly [] billion more per year for the intelligence budget above the existing FY2000-2005 budget."

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In my 1999 letter to the President, I asked him to support an increase in national intelligence spending by six percent over projected levels for the fiscal years 2001-2005. In the letter I said: "Our global intelligence reach is slipping and we are rapidly growing deaf and blind. The combination of dramatic technologic change and sophisticated deception techniques used by nations and non-state actors with reason to hide their activities has put the Nation's strategic intelligence advantage in the future at peril. Already, today, we cannot meet critical demands from US policymakers on unfolding crises in some areas of the world." (Copies of my 1998 and 1999 letters to the President are at Tab G.)

In response, we received increments of what I had asked for. OMB only approved [] billion for FY2000 and [] billion for FY2000-2005, with the result that total NFIP funding for FY2000 was lower than FY1999, a year for which we received supplemental appropriations. For FY2001, OMB approved an increase of [] billion and [] billion for FY2001-2006. (We continued to press for additional funds in the 2002 budget and the out-going Administration provided [] million for FY2002. I also worked hard to persuade the in-coming Administration for more funding and we obtained [] million more for FY2002 and over [] million in FY2001 supplementals.) (A summary of pre-September 11 budget decisions is at Tab H.)

In 1999, I went out of Administration channels in responding directly and positively to Speaker of the House Gingrich about his desire to increase our funding. As a result, the Intelligence Community obtained \$1.2 billion in supplemental assistance, [] million of which was targeted against terrorism specifically. I do not want the [] million to be misunderstood: the other money in the Gingrich supplemental was used to fund high cost and high priority items, including technical systems, which focused on multiple targets, including terrorism. I also used this supplemental as an opportunity to begin working within the Administration to increase the overall intelligence budget.

Not only were we living in an environment where we received little in the top line increases we formally requested, but we also had to rely on emergency supplementals to fund certain CIA and Community activities around the world. This made it extremely difficult to build long-term programs, with strategic integrity for our counterterrorism efforts. Funding through supplemental appropriations was a policy decision made by the President through OMB, not by the Director of Central Intelligence.

Regardless of the wisdom of supplementals, when I got such funding for counterterrorism activities in 1997, I internally re-allocated [] million and added [] positions in FY98. We made re-allocations across the community for CCP [] million), CIDP [] million), GDIP [] million) and DOD-FCIP [] million) to sustain the FY97 counterterrorism package approved by the Congress. A total of [] million and [] positions were internally re-aligned within the NFIP budget for counterterrorism activities for the years FY98-05.

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I see nothing in your report to indicate any familiarity with the Joint Intelligence Guidance packages I issued to the Intelligence Community in 1998, 1999, and 2000 to strengthen US intelligence and my specific expectations for the Intelligence Community Program Managers regarding counterterrorism. Indeed, there is no reflection of the document I issued in March 1999, "Director of Central Intelligence Strategic Intent for the United States Intelligence Community," intended to serve as planning guidance for the FY2001 to FY2005 program build. It directed the programs to prepare for five major trends that will challenge the US over the next decade: terrorism was referenced directly in two categories. (A background paper on counterterrorism related NFIP planning and programmatic guidance is at Tab I.)

The facts are that NFIP counterterrorism funding tripled in both dollars and as a percentage of the NFIP during the 1990's, a decade during which the NFIP declined by 10 percent (in inflation adjusted terms), when many competing issues emerged and the Community was faced with the need to fund long deferred modernization programs.

The fact is that the CIA's counterterrorism resources nearly quadrupled in the same time period.

CIA's budget had declined 18 percent in real terms during the decade of the 1990's, and we suffered a loss of 16 percent of our personnel (slightly less than the 25 percent cut for the Intelligence Community as a whole.) Yet in the midst of that stark resource picture, CIA's funding level for counterterrorism just prior to September 11 was more than 50 percent above our FY1997 level.

In the FY2002 budget request submitted prior to September 11, we again sought increases for counterterrorism. During a period of budget stringency, when we were faced with rebuilding Intelligence Community capabilities across the board, we had to make some tough choices. Although resources available for everything else at CIA were going down or staying flat, counterterrorism resources were going up.

With regard to people, as I have noted in testimony, we had the equivalent of 700 officers working counterterrorism in August of 2001 at both Headquarters and in the field. That number does not include the people who were working to penetrate either technically or through human sources a multitude of targets from which we could derive intelligence on terrorists. Nor does it include the work of liaison services around the world on our behalf.

In hindsight, none of us working on the problem can say we ever had enough people. We may not have enough people today, given the magnitude of the problem. But given the context of the budget environment before September 11, and given the other national security priorities established for us, we allocated as many people as possible in

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countering terrorism. I reiterate that we were rebuilding the clandestine service essentially from a standing start after I became DCI. We needed to increase not only the quantity but also the quality of officers operating against a number of priority targets, including, but by no means limited to terrorism. Support to military operations in Bosnia and elsewhere was a dominant theme before September 11, notwithstanding the clarity of hindsight now.

Beyond the need to bring in more officers, at CIA we were working in the context of having to rebuild according to our 1998 strategic plan every aspect of the institution. We had enormous infrastructure, recruiting and technology needs. The infrastructure to recruit, train and deploy case officers was in absolute disarray. We rebuilt [redacted] and overhauled the curriculum. We made enormous investments in improving connectivity with our stations and bases around the world. Similar requirements were being dealt with in all of our disciplines. It would have been negligent on my part to ignore the requirement to rebuild the key elements of CIA's infrastructure. Not even in hindsight can I justify the proposition that I could have simply shifted wholesale resources from other components to CTC at a time when we were trying to recreate a vibrant Agency in all aspects of its work.

We needed to position the Agency in the future to confront our greatest challenges. The strategic imperative was to rebuild CIA, its people, technology and infrastructure, while at the same time maintaining a consistent and methodical focus on growing our counterterrorism efforts. By example, one of the most important investments in the fight against terrorism was made in 2000 with the creation of the Information Operations Center, integrating operations, analysts and technology officers. Establishing IOC was a strategic decision that required money, people and technology. We could have avoided such costs and simply allocated those dollars and people to CTC. But, I viewed IOC as a key investment in our future. That investment has paid enormous dividends in the war on terrorism today. IOC's integration of technology, coordinating effectively with FBI and NSA in particular, with human operations has resulted in the most significant captures of key terrorists to date.

In terms of the Intelligence Community, I paid particular attention to NSA. [redacted]

[redacted]

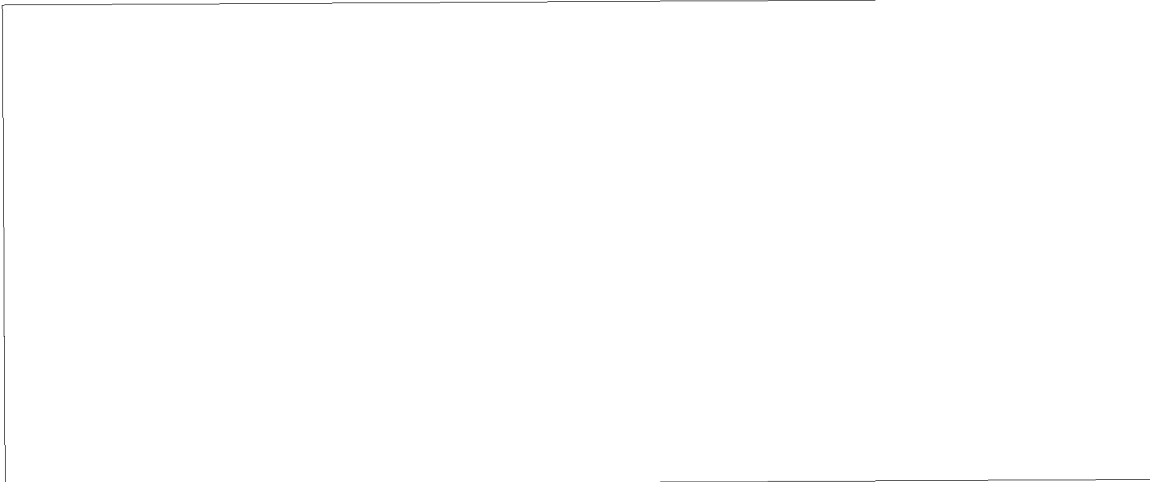
As the leader of the Community, I had to balance CIA's needs and the Community's needs to fund strategic programs to get us healthy again. Yet, your report asserts that I should have transferred some undetermined amount of funding in the year of execution from other Community agencies to support CIA counterterrorism efforts. This presumes

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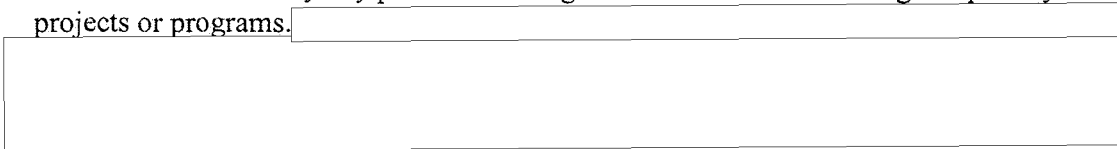
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incorrectly that funding in other agencies was sufficient for them not only to conduct their mission, but more importantly to meet the transformational objectives we put in place in our 5-year budget submissions. Sustained commitment to these objectives has greatly benefited CIA's and the Intelligence Community's performance against terrorism and other high priority issues.

As I have noted earlier, by the late 1990's, all of our agencies were facing major challenges.



But where we could, we shifted resources. I worked with DDCI/CM Joan Dempsey and her staff to identify any possible funding sources available to the highest priority projects or programs.



These transfers occurred in the programming year, not the execution year.

Any major reductions to NFIP agencies budgets in the year of execution would have only worsened their financial plight and created collection and processing problems.⁴ Nor did I believe we could or should move large amounts from NSA, NIMA or even NRO to CIA's counterterrorism program without understanding the overall impact of such funding shifts on the missions of those agencies. For it is fundamental that the programs of those agencies are also a vital part of the counterterrorism effort. CTC's program needed more, not less imagery; it needed more, not less signals intelligence. Any short term gain in CTC's program would have been more than offset by the impact of further cuts in our collection and processing systems. As DCI, I had to recognize that

⁴ Experience with transfers in the year of execution taught us that as a practical matter we could never count on approval in a timely manner. They required the concurrence of Agency directors, the Director of OMB, the Secretary of Defense, and six committees of Congress. It took months of effort to secure transfers. In my view, years of execution transfers were never a way of meeting pressing requirements in a timely manner.

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accomplishing the Community's fundamental mission is a function of improving the performance of all its elements, not one at the expense of the others.

Your report's focus on my failure to seek such transfers misses the strategic context of my efforts to build long term, sustainable programs to address the strategic capabilities needed to attack terrorism and other high priority issues. The report seems to lack any understanding of my work with the DDCI/CM and her staff to rebuild essential Community capabilities over a period of years. Without acknowledging these efforts, I do not understand or accept the report's criticism that I failed to marshal sufficient resources for counterterrorism.

Strategic Analysis

The report mischaracterizes the context of terrorism estimates in the mid to late 1990s. The Community produced an estimate in 1995 with a follow up in 1997. Those estimates accomplished the objective of informing policy makers about the threat and providing a framework for the development of policy.

However, after 1997, senior policy makers in the previous Administration, including the President and Secretaries of State and Defense, the Attorney General, the Director of the FBI and the National Security Advisor, became so deeply and personally involved in counterterrorism issues that another estimate would have added little to what they already understood. Their understanding came from personal experiences in dealing with actual attacks against US interests, from daily analytic briefings, policy discussions and detailed review of covert action proposals. The attacks on our embassies in Africa, the Millennium threat period and the attack on the USS Cole deepened their personal awareness of counterterrorism threats, policies and programs.

In addition, our government organized itself on terrorism in a unique, tightly focused manner, with the operation of the CSG at the National Security Council. Its deliberations were fed directly into the NSC Deputies and Principals committees. There was true depth in understanding the threat posed by al-Qa'ida and a continuity of the key people involved in counterterrorism.

A test of the practical value of a terrorism estimate is whether it would lead to policy responses to the threat. Our experience with the issue of potential attacks using aircraft indicates that policy makers, law enforcement agencies and the private sector did not take any of the countermeasures in response to the threat identified by our analysis or by the Gore Commission, which specifically referenced our analysis.

CIA, FBI and FAA focused on the potential threat represented by using airplanes in 1995 plotting in Manila to bring down 12 US airlines. The 1995 NIE made it clear that terrorists were focused on symbols of our democracy, including the White House and financial districts. It also made clear that

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"Civil aviation will figure prominently among possible terrorist targets in the United States. This stems from the increasing domestic threat posed by foreign terrorists, the continuing appeal of civil aviation as a target, and a domestic aviation security system that has been the focus of media attention: We have evidence that individuals linked to terrorist groups or state sponsors have attempted to penetrate security at US airports in recent years. The media have called attention to, among other things, inadequate security for checked baggage. Our review of the evidence obtained thus far about the plot uncovered in Manila in early 1995, suggests the conspirators were guided in their selection of the method and venue of attack by carefully studying security procedures in place in the region. If terrorists operating in this country are similarly methodical, they will identify serious vulnerabilities in the security system for domestic flights."

In the 1997 Estimate, we reinforced that: "Civil aviation remains a particularly attractive target for terrorist attacks in light of the fear and publicity the downing of an airliner would evoke and the revelations last summer of the vulnerability of the US air transport sector."

In addition to our estimates, on December 4, 1998, we published a PDB memorandum which stated: "Reporting [redacted] suggests Bin Ladin and his allies are preparing for attacks in the US, including an aircraft hijacking to obtain the release of Shakh 'Umar 'Abd al Rahman, Ramzi Yusef and Muhammad Sadiq Awda. One source quoted a senior member of the Gama'at al-Islamiyya (IG) saying that, as of late October, the IG had completed planning for an operation in the US on behalf of Bin Ladin but that the operation was on hold. A senior Bin Ladin operative from Saudi Arabia was to visit IG counterparts in the US soon thereafter to discuss options -- perhaps including aircraft hijacking." (The December 4, 1998 Memorandum is at Tab J.)

We know that our strategic message on terrorism was reaching its audience. The Commission headed by Vice President Gore specifically referenced our analysis on this subject. And, in its 2000 annual publication, *Criminal Acts Against Civil Aviation 2000*, the FAA emphasized threats to civil aviation posed by Bin Ladin, and others.

"Although Bin Ladin is not known to have attacked civil aviation, he has both the motivation and the wherewithal to do so. Bin Ladin's anti-Western and anti-American attitudes make him and his followers a significant threat to civil aviation, especially U.S. civil aviation."

The FAA also issued threat advisories in the summer of 2001 based on our reporting, noting the heightened concern of terrorist attacks.

Notwithstanding a keen awareness on the part of policymakers and the FAA in

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particular to the threat against aircraft, nobody undertook a program of systemic initiatives to increase the security measures associated with the commercial airline industry.

In terms of the current Administration, I believe it would have been helpful at the beginning of the Administration to have produced a comprehensive estimate on al-Qa'ida. An NIE would have provided useful background as we engaged the incoming national security team on terrorism, notwithstanding that Richard Clarke initially remained in his post at the NSC and that I actively briefed the National Security Advisor and her deputy on al-Qa'ida in the months before September 11. However, it is problematic at best to know whether strategic protective actions would have been taken to minimize the threat, given our previous experience with the estimates in the mid 1990s, and the limited time available to the new Administration before September 11.

I do not agree that estimates on terrorism would have driven resource allocation decisions. I was extremely conscious of the terrorist threat, as were the national security officials with whom I worked the issues on an almost daily basis, and our Community Program Managers. I do not believe an estimate would have provided more texture or data that would have changed resource allocations in fundamental ways.

Finally, while your report focuses on a lack of strategic analysis, it downplays my personal and persistent efforts to insure that policy makers were made directly aware of threat reporting. On nine separate occasions, starting in December 1998, I sent detailed memoranda to the senior-most leadership of our government, including appropriate senior leaders in Congress, to warn of terrorist plotting. I have included the memoranda at Tab K. From these and from my constant interaction with the national security team at the White House, I know that those dealing most directly with terrorism in our government were fully informed of the threat. Moreover, the national security Principals personally deliberated and approved a number of extremely sensitive, specifically targeted covert action operations. In doing so, they fully assessed the terrorist threat, as evidenced by the actual language of Memoranda of Notification.⁵ For example, the December 1998 MON, approved by the Principals and signed by the President stated in stark terms:

“Usama Bin Ladin poses a continuing, serious, and imminent threat of violence and death to United States persons and interests throughout the world. By his words and actions, UBL has demonstrated his intent and ability to murder American citizens. CIA considers this threat unprecedented in geographic scope and potential risk, in light of UBL's resources and ability potential [sic] to obtain nuclear, biological and chemical weapons. Among other things:

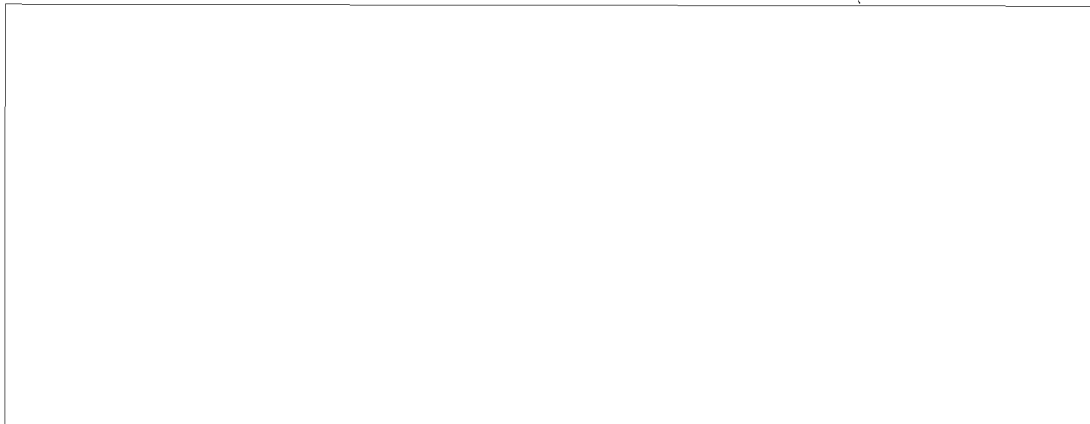
⁵ All covert action Findings and Memoranda of Notification were fully briefed to the new National Security Advisor and her deputy at the beginning of the Bush Administration.

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-- In February 1998 he issued a ruling (Fatwa) 'to kill Americans and their allies - civilians and military - is an individual duty for every Muslim who can do it in any country in which it is possible to do it.' (Source: CIA report, 'Muslim World: Text of Fatwa urging Jihad against Americans.')

-- Bin Ladin associates are awaiting trial for their role in the August 1998 bombings of two U.S. embassies in Africa. Bin Ladin himself has been charged with the murder of the 227 persons -- including 12 Americans - who died in those bombings.



-- Bin Ladin's organization has a presence in at least 60 countries and has forged ties with Sunni extremist terrorist groups worldwide. Recent intelligence indicates conclusively that the UBL organization has extensively surveyed U.S. targets overseas for vulnerabilities to terrorist attack.

-- The intelligence community has strong indications that Bin Ladin intends to conduct or sponsor attacks inside the United States.

-- UBL is known to be aggressively seeking chemical weapons including VX and, according to CIA, captured documentation indicates he is well along in doing so. CIA assesses that if the UBL organization does have the ability to use chemical or biological weapons, he will use them against American official and civilian targets.

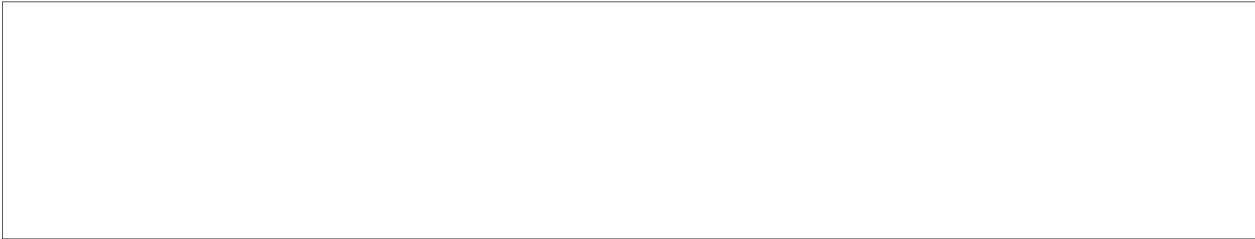
CIA has concluded that 'recent intelligence reporting indicat[es] that UBL is planning to conduct another attack against U.S. personnel or facilities very soon.'"

I am absolutely certain that the national security team fully understood the threat in all its strategic and tactical implications.

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Technology and NSA



Regarding the [] issue, I was made aware of CTC's interest in acquiring access to such material, and I asked DDCI Gordon to deal with it. As I recall, I was told the problem was resolved, and I was never asked to intervene further at any point before September 11.

In terms of the [] matter, the essence of your criticism is that I did not work hard enough or quickly enough to resolve this problem. The criticism implies that I should have commanded a result. This is not the way I worked with General Hayden on any issue, and, in the case of [] I was not empowered to do so. The President ultimately clarified the matter, as was required.

General Hayden and I discussed the [] issue many times during our regularly scheduled meetings. We believed that our professionals would have to work collaboratively through difficult questions, including concerns relating to civil liberties. The [] issue was complex and far reaching for the Community, both in terms of policy and law, including authorities of the DCI and the Director of NSA. Given the incredibly rapid changes in technology and the ways people communicate and store information, the [] issue challenged our existing legal, organizational and operational structures. I knew that this was an issue that I had to get resolved correctly.

As DCI, I recognized that there were conflicts over the years among officers of CIA and NSA, based in part on differences of understandings over authorities and the proper conduct of their respective missions. In order to deal with lingering concerns and to resolve specific issues as they arose, General Hayden and I supported the establishment of the Strategic Partnership Advisory Group, to provide senior level, ongoing focus over the critically important relationship between NSA and CIA. In fact, the two organizations have worked effectively on the most difficult national security challenges, certainly including the war on terror and support to our military in Afghanistan and Iraq. The relationship is anything but "dysfunctional" when measured by the successes we have had together in decimating the al-Qa'ida leadership to date.

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~~TOP SECRET//CODEWORD SENSITIVE~~Concluding Thoughts

There is no issue on which I spent more time and energy as DCI than terrorism. My engagement on the strategic dimension of the problem was manifest in everything I did to rebuild a Community that had been decimated, into a Community now responding with agility to our most pressing national security problems, including terrorism. At CIA I focused on recruiting and training case officers and analysts, and rebuilding our technological base with the most modern tools we could buy or leverage from the private sector through In-Q-Tel and other such innovations. While rebuilding the Community's capabilities and those at CIA, I realized that we could never do it fast enough to maximize focus on any one issue. However, because of the emphasis I placed on counterterrorism, we insured that CTC grew in resources.

I made strategic investment decisions across the Community to try to stay a step ahead of an agile, sophisticated terrorist organization not for the next week or so, but for years in to the future. I used the ADCI for Collection to drive the Community strategically in collecting against terrorist sanctuaries where the secrets resided that could provide insight into how this enemy planned to attack us. We built a worldwide coalition of partners, some certainly more effective than others given the circumstances before September 11. In doing so, I emphasized terrorism to key partners at the expense of almost all other issues and I fostered personal relationships around the world to give us the access we needed to get things done.

Our policy makers throughout my tenure as DCI were provided access to our analysis on terrorism through a variety of products and a variety of means, including some times daily interactions at the CSG. During heightened periods of threat, I personally and forcefully intervened with the national security team to insure that they understood the threat and what we were doing about it. There is no doubt in my mind that all of us understood the threat in great detail. In fact, actions that were taken in the late 1990s to disrupt attacks are remarkable accomplishments of the Community and the FBI. Yet, your report captures none of this, or my efforts to counter terrorism. Instead, your report focuses on whether I held the right meetings and who was on distribution of certain memoranda, rather than the actions I actually undertook to deal with this fundamental problem, including my interactions with Community leaders and my persistent engagement with the national security Principals on counterterrorism. I categorically reject your assertion that my performance was "sub optimal."

In the years since September 11, the Intelligence Community, buttressed by aggressive policies and serious funding, has had a large role in dismantling al-Qa'ida's central leadership and protecting the American homeland from further attack. This is not by accident. It is because we had the strategy along with a sophisticated understanding of the target that we built over years of hard work. When properly resourced and tied to a systematic program of homeland protection for the first time in our history, driven every

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day by intelligence, the results have been dramatic.

I know that we were never perfect in all that we did in the CIA or the Intelligence Community. But in truth I also know that I did all I possibly could do to drive home urgency, strategic focus and discipline against a very difficult problem. The picture you have created in your report is not close to the life I lived or the actions I took as DCI.

Finally, I must address a matter that is deeply troubling to me as I reflect on my tenure as DCI. In the IG's inspection report of CTC in August of 2001, your office issued findings and conclusions directly at odds with many aspects of the sections of the current report I have been permitted to read.

In August 2001, the IG informed the senior leaders of CIA that "CTC fulfills inter-agency responsibilities for the DCI by coordinating national intelligence, providing warning and promoting the effective use of Intelligence Community resources on terrorism issues." Now, however, I am charged with not using CTC to drive the Intelligence Community.

The August 2001 report on CTC informed us that "CTC's resources have steadily increased over the last five years, with personnel growing by 74 percent during that period and the budget more than doubling. The Center's comparatively favorable resource situation allows it not only to expand its own programs but also to support operations against terrorists and liaison relationships that DO area divisions otherwise could not fund." But I am now charged with "sub optimal" performance in not properly resourcing CTC.⁶

The August 2001 report also stated that "relationships with the FBI had been vastly improved." The IG further informed us that "CTC's relationship with NSA has improved dramatically since the last inspection." The entire thrust of what the IG reported in August 2001 is, in my view, directly at odds with the accusations in the limited sections of the current report I have been permitted to review. In August 2001, the IG did not ask the DCI to take a single action regarding CTC or our efforts against terrorism around the world. Today, however, your report characterizes my performance as "sub optimal." This inconsistency is remarkable and deeply disturbing.

⁶ The report also cautioned that funding increases, in recent years, came from supplemental funding. However, as I have noted previously, I did not favor, nor did I control the policy decision to seek supplemental appropriations.

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