

**NOMINATION OF LIEUTENANT GENERAL
MICHAEL V. HAYDEN, USAF, TO BE PRINCIPAL
DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE**

HEARING
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS
FIRST SESSION

APRIL 14, 2005

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**NOMINATION OF LIEUTENANT GENERAL
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THURSDAY, APRIL 14, 2005

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

The Committee met, pursuant to notice, at 10:33 a.m., in room SH-216, of the Hart Senate Office Building, the Honorable Pat Roberts, Chairman of the Select Committee on Intelligence, presiding.

Committee Members present: Senators Roberts, Hatch, DeWine, Snowe, Chambliss, Rockefeller, Levin, Feinstein, Wyden and Mikulski.

OPENING STATEMENT OF HON. PAT ROBERTS, CHAIRMAN

Chairman ROBERTS. The Committee will come to order. The Committee meets today to receive testimony on the President's nomination for the newly created position of Principal Deputy Director of National Intelligence. Our distinguished witness today is the President's nominee, Lieutenant General Michael Hayden.

General, on behalf of the entire Committee, we welcome you and your guests. We thank you for your service to our country.

I might just say from a personal standpoint that I have never experienced a person who has more ability than you in regards to your responsibilities. I don't know who's in first place in regards to being a straight, let-the-chips-fall-where-they-may briefer to the Congress, but they're not ahead of you.

Let me say that the Committee also welcomes two of our distinguished colleagues who will introduce the nominee, the distinguished Senator from Maryland, a Member of our Committee—valued Member of our Committee—and the Ranking Member of the Commerce, Justice, State and Judiciary Appropriations Subcommittee, the Honorable Barbara Mikulski.

The distinguished Senator from Pennsylvania, the Honorable Rick Santorum, had every intention to be here this morning, but had a conflict. But Pennsylvania will be ably represented by the Ranking Member of the House Defense Appropriations Subcommittee, a defender and champion of the military and our national security for many years, the Honorable Jack Murtha.

So we thank you all for being here today.

The President has made an excellent choice, I believe, in nominating General Hayden to serve as the Nation's first Principal Deputy Director of National Intelligence. General Hayden is a distinguished public servant, having dedicated over 35 years of service to our country.

Since March 1999, General Hayden has served as the Director of the National Security Agency. Prior to that, he held a number of intelligence positions within the Department of Defense, served on the National Security Council, and was the air attache in the U.S. Embassy in Bulgaria. He has worked on intelligence and national security issues throughout his career, and in that respect brings a great deal of experience to this position.

Most importantly, just like Ambassador Negroponte, General Hayden has demonstrated a record as an outstanding manager and a leader. He is well-suited for this position and I look forward to his confirmation.

Now, much of what I spoke about in my opening statement for Ambassador Negroponte's confirmation hearing on Tuesday also applies in our consideration of General Hayden's nomination. I know it probably doesn't need to be repeated at length, and I beg the indulgence of my distinguished Vice Chairman, but if you would indulge me just for a moment.

I spoke about how critical intelligence is for our national security and the historical importance of the creation of a Director of National Intelligence, even if he hasn't been granted all of the explicit authorities that I would have liked to have seen.

I also spoke about the importance of change, not only to enhance our national security but also to give our hardworking intelligence officers an intelligence community worthy of their efforts, an intelligence community capable of meeting both their aspirations and our expectations. I emphasized the importance of adopting a process of sustained, fundamental change that will allow the intelligence community to continually adapt to new threats as they emerge.

I spoke about the important precedents that Ambassador Negroponte and General Hayden will be setting in terms of the authorities they exercise as the first DNI and the Principal Deputy. These precedents will define the authority for all future DNIs and set the tone for your leadership of the entire intelligence community.

The one issue that I discussed on Tuesday with Ambassador Negroponte that I would like to re-emphasize today is the pressing need to reject the concept of information sharing. In this particular case, both Senator Rockefeller and I are in favor of something that we call information access. General, if you are confirmed—and you will be—I believe that moving from information sharing to information access will probably be your most important job.

As I have said many times before, I believe, as does the WMD Commission, that information sharing is a limited idea that falsely implies that the data collector is also the data owner. The concept of information sharing relies on the collector to determine what an analyst needs to know and then to push that information to the analyst.

The Vice Chairman and I think that we need new thinking on this issue, and he has spoken to it, as I have. We need to reverse the process, while we must continue to protect sources and methods, without any question. Cleared analysts with the need to know should be able to pull information by searching all intelligence data bases without waiting for any one agency to deem them worthy. That's a pretty challenging proposition.

Despite the intelligence failures of 9/11 and the assessment of Iraq's WMD program, along with the staggering and sometimes willful inability to share information associated with those failures, achieving a free flow of intelligence information has proven rather elusive.

Now, General Hayden, it's my hope that you will be able to provide the leadership to get our collection agencies to finally perfect the concept of information access. I am encouraged by your written responses to the Committee's questions in regard to this topic. I would note, however, for the last several years, that you have been managing the National Security Agency—and the NSA will be key when it comes to achieving information access.

That's not to say that you have not made some strides—good strides. But agencies like the NSA must lead and move faster in getting properly cleared analysts from outside agencies the direct access that they need.

The Senate Select Committee on Intelligence will be working with you, seeking your advice and counsel, and Ambassador Negroponte, and we hope and expect to see clear signs of progress toward information access sooner rather than later.

Now, the volume of the data in question is an issue that we must watch carefully, but I believe that current technology can provide the tools to manage that volume.

In regards to privacy issues, I think that properly trained intelligence professionals outside the NSA are no less capable of protecting civil liberties than the professionals inside the NSA. I also understand that specialized analysis by experienced officers, whether it be SIGINT or HUMINT or otherwise, adds substantial value to the analytic process. Access by other intelligence analysts will not replace that very important work.

there's no reason that other analysts cannot have access to the data they need to keep us safe. If those analysts find data and have a question, they should call a specialist. But if they don't even know the information exists, obviously they can't make that call.

Another important challenge to information access that you mentioned in your written response is the need to protect sources and methods. I agree. This is a very serious matter. But I hasten to add that the lessons of 9/11 and the Iraq WMD failures is that protecting sources and methods must be balanced against the need to provide information access to those who actually need it.

So today, those competing concerns are not really properly balanced. And you, sir, must fix that. I have every confidence that you can and will. Simply put, we must see progress toward information access. So we hope to see you up here telling this Committee what help you need from Congress to get the job done. We're most willing to help you achieve that.

Despite the ambiguities in the DNI authorities, I am confident, when confirmed, you and the Ambassador will have the strong support of the President. You, sir, should be confident that you will have the same strong support from this Committee.

As we discussed with Ambassador Negroonte on Tuesday, exercising the authorities of the DNI will not be easy. Setting the precedent of a strong DNI will likely mean the two of you may have to break some china. Start with the cups and the saucers first and then we'll see what happens. I am confident, however, that you and the Ambassador are the right team for this job.

With that said, I welcome you to the Committee and look forward to your testimony.

I now recognize the distinguished Vice Chairman.

**OPENING STATEMENT OF HON. JOHN D. ROCKEFELLER IV,
VICE CHAIRMAN**

Vice Chairman ROCKEFELLER. Thank you, Mr. Chairman, and welcome, General Hayden.

One of the things that is not in my statement, but which I really feel strongly about and have said repeatedly, is that the combination of Ambassador Negroonte and you, sir, is an absolutely magnificent combination, because he brings the diplomatic, intuitive, political, how do you get people to agree to do things they don't want to do, and you bring with you all of the military, the intelligence, all of that, and the managerial skills—which he also has. The two of you working together strikes me as quite a remarkable and excellent team.

Now there are three other deputies, and I want to ask you about that in the question period.

But I can say what a good choice the President made in both of you, together. Each of you is strong on your own. Together, you're going to, I think, be able to make enormous changes in our intelligence community.

Interestingly, over the period that I've been here, this is only the second time you've appeared in public, which is the way our business sort of works. But I'm very glad that we could do this the same week as Ambassador Negroonte, because the two of you, as I said, make an incredibly impressive tandem.

I like the fact that you're a strong manager. You came to the NSA at a time of real crisis. A short time after your arrival, the problems became so severe that the agency's computer system crashed, and we were left without any ability to process signals intelligence for 3 days. Now, in our world, that's called a huge crisis and a great danger.

Just having arrived, you guided the agency through the emergency and then set about overhauling the NSA from top to bottom, unafraid to make changes.

The Director of Central Intelligence and the Secretary of Defense have had such confidence in your abilities that they have extended your tour of duty at NSA three times.

The challenges that you have faced in reforming the NSA should go a long way toward preparing for the job that we all have ahead of us. You've had to fight an entrenched bureaucracy resistant to input from outsiders. You've had to break old patterns of behavior.

You've had to create new structures, which you've been kind enough—or your team—to show me. And you've had to create new procedures to bring NSA into the information age. All of that, you have done.

It's not always been a smooth process, but you've continued to push, to cajole, coerce and occasionally force those changes to take place.

At Ambassador Negroponte's hearing on Tuesday, I, as the Chairman indicated, listed a number of points which I want to go through also.

First, I think you must create the structures and procedures needed to ensure that our intelligence is timely and objective and independent of political considerations. This is all required by law in the National Security Act as amended by the Intelligence Reform Act. This is your mission. You must succeed in order to restore the intelligence community's reputation, not that it is damaged as much as some would have people think, but there's a lot of work to be done there.

Second, you have to take the blueprint provided by the intelligence reform bill and you have to use it to transform 15 agencies, bring them together. That sounds like a very impossible thing to do, but I think that you're going to come very close to being able to do that, the two of you and the other three deputies and the management team at the DNI.

You have to make them into a real community, with central coordination, central direction, an ability to have access to information, as the Chairman indicated, not just sharing. But then there will be caveats for that, because sometimes there really is a need-to-know basis. You understand very well how the complexities of all of that have to be balanced.

Third, you must instill a sense of accountability throughout the intelligence community. I think all of us on this Committee feel that it's been a long time now since 9/11 and there's been no accountability for 9/11.

This isn't just about 9/11. It's about the next 30 or 40 years. The concept of accountability, I think, has to be built in early. Accountability is not just punishing people or dismissing people. It's also about encouraging people who have done good work, letting them know about it and making sure that others in the agencies know about that. People—that's the nature of people. They need to be rewarded when they've done well. I think that it just goes to say that when people haven't done well, they also need to know that.

Fourth, you will need to develop a comprehensive and consistent legal and operational policy on the detention, interrogation and rendition of prisoners across the intelligence community. The intelligence we gain through these interrogations is too important to allow shortcomings in this program. I trust you share my concern and I hope you'll assist our Committee in undertaking a constructive inquiry into the detention, interrogation and rendition practices.

Finally, you and Ambassador Negroponte are assuming your positions in the midst of Congressional consideration of the President's intelligence budget for fiscal 2006. You had input to the NSA budget, obviously, but now you're going to be responsible for spend-

ing across a huge community. I urged the Ambassador to review the priorities and submit a budget amendment if necessary. It may not now be necessary, because of a meeting that took place yesterday.

When there are budget deficiencies, whether they be at supplemental time or otherwise, that you will be very sure that we know about that, because this Committee wants the intelligence community to work. We now have the vehicle for it in which it can work—through which it can work. The vehicle is not entirely proscribed by law, and that's good, because that means that the two of you and your colleagues will be able to fill that out in a way which is more intelligent than perhaps the way the Congress would do it.

The Ambassador is going to need your expertise not only to understand the intricacies of nuances of the intelligence business, but to navigate the minefields of all of these rivalries. He understands a lot of that intuitively already, because he's a real pro, and there's not much that goes on in government that he misses.

So you're taking on a great responsibility. I have enormous confidence in you to take up this task. I was absolutely delighted when you were appointed, and I welcome you and look forward to your statement.

Chairman ROBERTS. Thank you, Senator Rockefeller.

I now recognize the distinguished Senator from Maryland, Senator Mikulski, a valued Member of this Committee.

OPENING STATEMENT OF HON. BARBARA A. MIKULSKI

Senator MIKULSKI. Thank you very much, Mr. Chairman. I'm happy to be here with my colleague from Pennsylvania, Congressman Murtha, who I served with.

First of all, it's a great honor to introduce Lieutenant General Michael Hayden to the Committee, to be the Principal Deputy Director of National Intelligence. I've come to know General Hayden well as the Director of the National Security Agency. Maryland is very proud to be the home of the National Security Agency.

We, in Maryland, are very proud of the fact that we have Federal agencies that are devoted to saving lives and saving communities, whether it's the National Institutes of Health that come up with new cures to help our people, whether it's the FDA that stands sentry over our food and our drug supply, and also the National Security Agency that is the greatest eavesdropper to protect our country against predatory attacks when the homeland and our troops and our assets.

General Hayden has absolutely distinguished himself as both a soldier as well as a leader at the National Security Agency. I've come to know him as a soldier, as a patriot, and an intelligence professional—and absolutely as a leader and a manager.

He grew up in a blue collar neighborhood in Pittsburgh, and brings those all-American values to the table and puts those values into action. His dad was a welder, and through his family he knew that in this country hard work, merit, devotion to duty would really take you somewhere.

Attending the Catholic high school, he was a student and an athlete. He went to Duquesne University, and came into the military through the Air Force ROTC, and there he served in a variety of

military roles, each time assuming greater responsibility. It's there for the resume to speak for itself.

He has served in direct support of the warfighters and in sensitive, diplomatic roles. He served in lead command at military bases. He's had senior, sensitive national security positions in Washington. He even led a military delegation to negotiate with North Korean generals. If you learn to negotiate with North Korean generals, he's learned to navigate the intel system.

Most impressively has been his accomplishment as the leader at NSA. Long before 9/11, General Hayden was embarked not only on reform, but on transformation. This was an agency, when he came to his post, that was an analog agency in a digital world. It had served the country fantastically through the cold war, protecting our country. But a cold war orientation had to be transformed. He led that transformation at breathtaking speed, through a series of technological innovations, a series of technological crises, and at the same time streamlining the organization, recognizing the duty of the cold warriors and yet bringing in that next generation of the cyber warriors that we've come to depend upon.

He looked for the best people, the best ideas, valued the employees. He also turned to academia and turned to the private sector if necessary to get that cutting edge of the people and technology.

At the same time, he connected to the world of public information. The NSA has had an incredible mystique. Books like "The Puzzle Palace" has been written about it. Even Dan Brown of "The DaVinci Code" has written about NSA, called "The Digital Fortress."

What General Hayden did, by engaging with the press, he demystified the agency without declassifying the agency—a pretty spectacular feat. He provided a more public face in the national security mission, and what that did was build confidence that we were truly standing sentry in our own country.

Members of this Committee are well aware of the historic accomplishments of NSA, as well as the future challenges the agency must confront, including the exploding volume of global communication, the sophistication of our enemies. General Hayden has an understanding that is a tremendous understanding of where we are, not only on signals intelligence, but where we are.

He understands how we need to support the warfighter, but also the great strategic thinking that needs to be done.

He's never been willing to rest on yesterday's achievements or remain satisfied with today's capabilities—always thinking and planning about how we can do better today, and how we can be spectacular tomorrow.

That's why I'm here to endorse his nomination before the Committee and we want to recognize that, for every soldier that serves our country, that soldier, 24/7, particularly in the jobs that General Hayden has had, has been his wonderful wife, who we mean to recognize for her service to the country here, and also to his devoted family.

So I look forward to not only introducing him, but to voting for him and then working with all of us to keep our country safer and stronger.

Thank you.

Chairman ROBERTS. Senator Mikulski, we thank you.
 It is now my privilege to recognize my former House colleague and fellow Marine, the distinguished gentleman from Pennsylvania, Mr. Murtha.
 Jack, semper fi.

STATEMENT OF HON. JOHN P. MURTHA

Representative MURTHA. Thank you very much. Semper fi, Mr. Chairman.

I have a plaque on my desk that says, "Victory is complete knowledge of the enemy." I was in the intelligence field in Vietnam, and I've worked on this subcommittee that funds NSA for 25 years. I've never seen an individual that had more integrity, more responsibility and more straightforward than Mikey Hayden. He told me not to say Mikey Hayden. His brother calls him that.

[Laughter.]

Chairman ROBERTS. Well, rest assured I'm not going to call him Mikey either.

[Laughter.]

General HAYDEN. Thank you, Mr. Chairman.

Representative MURTHA. This guy has got, I think, one of the most difficult jobs in the government today.

We have a small agency in Johnstown, Pennsylvania, called the National Drug Intelligence Center. We have five agencies—the FBI, the CIA, the National Guard. We had to have the Attorney General come in and tell them to work together. What you said, Mr. Chairman, as you started out was they all find every excuse in the world not to work together, stovepipe the information, not give access to anybody else.

This guy took a cold war organization and he had an explosion of technology which he had to get under control. We watched the money as closely as we can. He did it within the bounds of the amount of money that was given to him. Sometimes we had to cut back a little bit. But as a whole, I've never seen a better manager.

So the team that Senator Rockefeller talked about is a marvelous team. I hated to say—I told Vice President Cheney this the other day—I hated to see him pull Ambassador Negroponte out of Iraq right at such a crucial time. Well, he assured me the new guy is going to be just as good.

The point is this job is absolutely the most important job that you could possibly be put into, because intelligence is the key to the way we have our resources deployed. We look at the intelligence briefing from the very start and we say, OK, where are we going to spend our money? How are we going to address the threat?

So I'm impressed. I highly endorse General Hayden, and I know that the Senate is going to ratify that endorsement. I appreciate the opportunity to be before this august body, even though it's a step down from the House, what the hell.

[Laughter.]

Chairman ROBERTS. I must admit that when I was a Member of the other body I did once refer to the Senate as the cave of the winds.

[Laughter.]

Chairman ROBERTS. But Senator Dole and Senator Kassebaum set me straight real quick.

Representative Murtha, thank you very much. Thank you, too, Senator Mikulski for being here to introduce this very fine nominee.

General Hayden, you may proceed. I would like to ask that you begin by introducing the family members that you have with you here today.

**STATEMENT OF LIEUTENANT GENERAL MICHAEL V. HAYDEN,
PRINCIPAL DEPUTY DIRECTOR OF NATIONAL
INTELLIGENCE-DESIGNATE**

General HAYDEN. All right, Senator.

Vice Chairman ROCKEFELLER. Mr. Chairman, just before that, I'm glad that the Chairman made that suggestion. But I think that your testimony now gives you an opportunity to rebut the withering criticism that you've had to withstand so far.

[Laughter.]

General HAYDEN. Thank you. I appreciate the opportunity, Senator. Thank you.

Let me introduce the members who are here with me today. First of all my wife, Janine, who is a counselor by training and frankly has been a supporter for me and a partner in my work for over 37 years now. At NSA, she personally took on the responsibility of supporting Agency families. She began the work before the attacks in 2001, and really accelerated it after September 11th. She formed the Agency's Family Action Board, and continues to serve on the board as an adviser.

I've got my brother Harry here, and our daughter Margaret, who is an officer in the Air Force Reserves. She has two brothers, our sons, but they couldn't be with us here today. But I'm honored that these members of the family could be present.

Chairman ROBERTS. Please proceed with your statement, sir.

General HAYDEN. Well, thank you.

Chairman ROBERTS. We welcome your family.

General HAYDEN. Mr. Chairman and Members of the Committee, I've been before you many times before, but not quite in circumstances like today.

First of all, let me say I'm honored to be introduced by Congressman Murtha. The folks back home in Pittsburgh will be elated that I'd been introduced by such a distinguished western Pennsylvanian.

I'm also very honored to have received the very kind remarks of a very good friend and supporter, Senator Barbara Mikulski. She's taken both me and the Agency, the National Security Agency, under her wing and she's a true supporter of intelligence and the job it does to protect the Nation.

It's clearly a privilege for me to be nominated by the President to be the first Principal Deputy Director of National Intelligence. Frankly, it's a little bit daunting. I know a lot of people who will be depending on us—myself, the Ambassador and the rest of the team—to do well in tough circumstances.

Senator Rockefeller, my brother Harry thought that this was so important that on the day of the President's announcement he took

his delivery truck into a truck stop on I-79 in Morgantown. He had to drop a \$10 tip on a cup of coffee to get the waitress to turn off ESPN in favor of CSPAN. At the end of that, though, after the announcement, she watched it with him, and told him to wish me good luck.

A day after the announcement, I got an e-mail from a boyhood friend, a fellow with whom I was inseparable until he moved away from the neighborhood when we were in the sixth grade. We lived on the flood plain of the Allegheny River on Pittsburgh's north side, a district called the Ward right between Heinz Field and PNC park today.

My friend wrote in his e-mail, and I'm quoting him now,

"The Ward, the street parties, the picnics, Clark candy bars and Teaberry gum thrown out the fifth floor windows to kids cheering on the street, and the damp train trestle on the way to and from school are the things that you are made of. You will never get too far from them. It's those things that you'll be protecting."

No disrespect to the Committee, but I think it's going to be hard for you to put more pressure on me than Jimmy Heffley did with his e-mail to me.

Ambassador Negroponte appeared before you earlier this week, and he made clear the importance of U.S. intelligence. This Committee already knows full well the challenges being faced by American intelligence, and I won't try to catalogue them all here.

So we find ourselves as a community in a very interesting place—never more challenged by the world in which we find ourselves and never more important to the safety of the republic we're committed to defend.

We seem to be surrounded by dilemmas. We want more cohesion. We want a better sense of direction throughout our community. In fact, the WMD commission said that we were a community in name only.

We don't want so much centralization that it leads to group think or a herd mentality when it comes to analysis. We need to aggressively develop more effective ways to connect the dots, even when there may not be so many dots and those that exist may be hidden in the noise. But we should also not base our analysis on past context alone or mere inertia or isolated data points.

We want to strengthen the center of the community, give the DNI real power—certainly more power than we ever gave the DCI—but we're also to preserve the chain of command.

We all know that the enemy may be inside the gates and that job one is to defend the homeland. But we're also to ensure the privacy rights of our citizens and closely control any things like data search tools that we might have. I could go on, but you get the picture. It's going to be very hard work.

When I testified before the House Intelligence Committee last August, I said that the American intelligence community had been governed by the principle of consensus for almost half a century. It wasn't actually a bad principle for most of that time. It gave us buy-in. It balanced competing needs and priorities. It gave us stability.

Now, as an airman, I know the value of stability when you design an aircraft. In many aircraft, stability is an absolute virtue.

Now, when I talk about this in larger audiences, I usually ask the audience what they think the opposite of stability is. Their response is usually very predictable. They say, instability.

In fact, that's not true. When it comes to designing an aircraft, the opposite of stability is maneuverability, and maneuverability is a virtue, just like stability. The IC needs more maneuverability. But I think we've all decided as a Nation it's hard to make sharp turns by consensus. Consensus is rarely bold and many times it's just wrong.

So last summer when the 9/11 Commission reported, in August, when the President announced his support for a DNI, and this fall when you enacted intelligence reform legislation, it was clear to me that we were dampening the principle of consensus in favor more clear lines of authority and responsibility when it comes to running the American intelligence community.

I told the House in August that if we went down this path, three major principles would have to apply.

First, if we're going to go ahead and dismantle the DCI and the informal authority he exercised—because he also headed up CIA—then we would have to be very sure that we've aggressively codified the authorities we wanted the new Director of National Intelligence to have.

Second, I told the House Committee, the new DNI would need robust authority over those big, muscular national collection agencies, like NSA and NGA and CIA's Directorate of Operations. In terms of collection, you want unity of effort and economies of scale.

Third, I said, this new structure would have to accommodate the needs of America's combat forces, needs that daily seem to redefine standards for relevance and timeliness.

I personally believe that the legislation signed by the President gives us a solid framework within which to build for each of those principles. The office of the DNI has real authority to task both the collection and analysis of intelligence. The DNI has more authority over the budget than was ever exercised by the DCI. The DNI has policy, security, information-sharing and personnel tools that never before existed in one place.

I was careful to describe the legislation as providing a framework. In each of these areas, the powers of the DNI will have to be built by what I have called case law—the concrete use of his new authorities early and often and in actual circumstances.

I'll do my role, should I be confirmed, to support Ambassador Negroponte in this effort. He brings a wonderful personal history of service to this task along with years of government and policy experience.

I believe I was chosen by the President because he thought I knew the neighborhood. I pledge that I'll use that knowledge to support the Ambassador in this effort.

For the first time in the history of our community—and I think this is the big difference—for the first time, this legislation has made governing our intelligence community someone's full-time job. That's a fundamental difference. We're not without tools beyond the legislation itself. In my 6 years at NSA, I've learned just how talented a workforce we have there, a workforce that represents the kind of people we have throughout the intelligence community.

I've often said that the real power of NSA goes down in the elevators tonight.

In fact, when asked recently to summarize in one phrase whatever success we had at the Agency, I responded that I had simply empowered our people, and our success has come from their empowerment. That can apply across the community.

The Ambassador and I are also blessed with the support of you—with the support of Congress. During the debate on the intelligence reform bill, I was personally impressed with the passion with which so many Members regarded this subject. In preparing for these hearings, I've met with many more Members who showed deep interest in the specifics of the statute and in its implementation. More than one Member has publicly told us to—I'm quoting here now—"be in charge." We've also been urged to exercise clear, even charismatic leadership.

Finally, beyond Congress, we have the strong support of the President. His words on the morning when he announced Ambassador Negroponte's and my appointments were quite specific: The DNI will set the budgets. The DNI will have access to the President.

I have no illusions about the weeks and months ahead. We have to set up an office, build an organization, hire the right kind of people—and I should add, from inside and outside of government—and begin to make some tough decisions.

We have to exercise the power that you and the President have given us without creating a new layer of bureaucracy. We have to be authoritative, and we have to be right. The DNI must ensure that we have the information dominance to protect America, its people, its values and its friends.

Now, I know this Committee will remain very interested in our work. In fact, I know that several reports are due almost imminently from the original legislation.

I look forward to working with the Committee in the days ahead. Now, Mr. Chairman, I look forward to your questions.

Thank you.

Chairman ROBERTS. General, we thank you for your very fine statement.

The Committee will now proceed to questions. Each Member will be recognized by the order of their arrival. Each Member will be granted 7 minutes and, if necessary, we will have a second round.

General, in terms of cooperation with Committee, do you agree to appear before the Committee here or in other venues when invited?

General HAYDEN. Yes, sir.

Chairman ROBERTS. Do you agree to send intelligence community officials to appear before the Committee and designated staff when invited?

General HAYDEN. Yes, sir.

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

General HAYDEN. Yes, sir.

Chairman ROBERTS. Will you ensure that all intelligence community elements provide such material to the Committee when requested?

General HAYDEN. Yes, sir.

Chairman ROBERTS. In your pre-hearing answers, you indicated that you would recommend to the DNI that he quicken the pace of increasing information access. Both the Vice Chairman and I have talked to that at length, and you as well.

What do you think specifically should be done in this area?

General HAYDEN. Senator, we've thought a lot about this at NSA. You mentioned we would be big a player—NSA would be a big player in this. You were very kind by not mentioning that from time to time NSA's been pretty conservative about the sharing of information.

Chairman ROBERTS. Well, actually, that's my No. 3 question, but you go ahead.

[Laughter.]

General HAYDEN. But we've done a lot of thinking about this and a lot of acting on it in the last 2 to 3 years.

Let me give you a sense as to how I think we ought to think about it now as a community. Frankly, I don't think it's a question of sources and methods. We know how to do that, in terms of protection. Even in terms of signals intelligence, which has a lot of privacy sensitivities related to it, I actually think we can protect U.S. person privacy. So I don't think that's an unsurmountable obstacle at all.

We've got challenges with just raw IT—just wiring up the system. We can overcome that, as well.

I think the fundamental issue is to move out of a mindset in which each of our collection agencies wanted to hold on to information until they had perfected it. By the way, that's a virtue, that's not a vice. That's not a sin. The folks at NSA—I'll speak of them because I know them best—would get an intercept and they would want to squeeze the last ounce of value out of it, because they knew they were the best in the world at doing that, before they attempted to share it with other parts of the community.

We've become very accustomed at sharing information at what I'll call the product level. What we've done at NSA in the last 2 to 3 years is to change that and to begin to share information not when we're done with it, but at the earliest point of consumability by others.

Now, on one's ever asked me for the beeps and squeaks, for unprocessed information. No one's ever asked me for an intercept that has not yet been decrypted. But what we're moving to is a point where, at the point in which that information can be consumed by another, that other needs to have access, data access, as you described, to that information.

Let me go one step further and define consumability.

I would define consumability as the point in which that information is already of operational value to someone else or someone else has adequate skills to add their own value to it. That adjective "adequate" is very important, because in most cases, again speaking of SIGINT, their skills at adding value probably won't match that of NSA.

Our new role at the agency is earliest point of consumability, consumability defined as the point at which no more value needs to be added for that to be useful or the consumer is adequately competent to add their own value. That's the kind of approach that I would urge.

One additional caution, Senator. You just can't throw open the doors and make the information created by the collection agencies look a lot like Home Depot, where people get to roll the cart through and take what they want, otherwise we'll wind up looking like 6-year-olds playing soccer—we'll all be around the ball.

We can do a lot more in terms of data access, as you and Senator Rockefeller have already emphasized.

Chairman ROBERTS. On independent cost estimates, General, Agency cost estimates for procuring major systems such as satellites routinely fall far below the actual cost of procuring those systems.

To solve this problem, Congress enacted a law requiring that independent cost estimates be performed for all intelligence community programs costing more than \$500 million. It also requires that the President budget to these independent cost estimates. It's our understanding that only 12 of the 16 programs for which independent cost estimates have been completed are funded at required levels for fiscal year 2006.

Will you commit to full compliance with the requirements of this provision?

General HAYDEN. I will, Senator, and I will tell you we've had personal experience with this with some major programs at NSA. There indeed have been deltas between our estimate and what the ICEs, the independent cost estimates, have come up with.

Chairman ROBERTS. According to the independent cost estimates that have been completed, the fiscal year 2006 budget request is substantially underfunded. This means that work that should be done in fiscal year 2006 will have to be deferred to future years, which in turn means that program costs will escalate, and the budgeting shortfall for major acquisitions across the future years defense plan grows into the multiple billions of dollars.

How would you recommend the DNI close these spending gaps? What's your advice to the DNI?

General HAYDEN. Well, as you have already suggested, Senator, the first thing, even with the 2006 budget that's already on the Hill, is take a quick, firm look to see if any adjustments need to be made in that.

He will have the opportunity to have a firm hand on the 2007 program build and, frankly, although we're still getting oriented ourselves in our discussion of the budget, it is the 2007 program that we view as the one that we can most immediately put the DNI's stamp on.

The legislation gives the DNI, again, as I said earlier, authority that's never been in one place before. The milestone decision authority, for example, that legislation gives to the DNI, was scattered throughout the community prior to the legislation. That's a powerful tool and one that I think we will use.

Chairman ROBERTS. I have a question on that later. My time has expired. I have two questions, so on the second round I will ask those questions.

I now recognize the Vice Chairman.

Vice Chairman ROCKEFELLER. Thank you, Mr. Chairman.

General Hayden, as I indicated, you start from a very deep basis of knowledge about the intelligence community. That is one of the reasons why I think the two of you are going to be very strong.

I have to assume, therefore, that you've given yourself—just in thinking out loud with yourself and some of your colleagues, as well as, I understand, you've have a number of conversations with Ambassador Negroponte about how the office of the DNI should be organized.

Now, you will have, I believe, four other deputies. So there's a lot of flexibility, as there should be, in the way that this DNI team can be set up. I'd be interested in, to whatever extent you feel comfortable, getting some of your thoughts about that—a balance of skills.

General HAYDEN. Again, as you say, this is all very preliminary. We've had broad discussions about it. I'd offer the view that whatever I say to you this morning isn't even in pencil. To the degree that it's down anywhere, it's in chalk. So it's a very, very light hand.

Rather than talk about the specific boxes and the titles, I think I'd be a little more comfortable talking about the broad functions I think we need to tend to. You're right, the law gives us four. You're also right, the law gives us great flexibility. It doesn't identify what those four will be—and that's a real blessing. So thank you for that.

I would lay out maybe four or five broad, general areas and then we're going to have to figure out exactly how to fit them in the structure.

One, in terms of operations, I would work it back from something I'll call, for our purposes of this morning, customer outcomes. You want to empower someone to tend to outcomes rather than your own inputs, rather than just the performance of this community. What's the impact of this community on those we are designed to serve? So I would think we'd have to tend to something, like I said, that I'll call customer outcomes.

To create those outcomes, the next step I would describe is analysis. Then collection. I personally kind of wrestled with the thought, do I want to put analysis and collection together and just create, maybe, a J-3 as a director of operations?

Frankly, I think the management style—and again, I'm speaking personally now—the management style you want over collection is a bit different than the one you want over analysis. Just give me a sentence or two to explain.

With regard to collection, you want economies of scale, and you want unity of effort. You want efficiencies. You don't want that with analysis. You want competition. You want some things that a management specialist might actually call redundancy when it comes to analysis. You want a less firm hand as you allow the community to create alternative views.

So, in NSA parlance, we would have called those three functions I just described to you as: Get it, know it and use it.

Then I would suggest a fourth broad function. It would be build it. Those are the management functions that you've put into the law. You've grouped together, for the DNI, H.R. training, acquisition, programs, budgets. I think that's another broad area that has to be tended to.

Then the fifth one I would offer—and again I realize there are four big boxes to work with—the fifth one I would offer is the one that is encompassed when the legislation said there should be a CIO, a chief information officer. My sense is that's far more than a senior, a secretary, a desk and a phone, that you want the CIO to be an empowered player, because so much of what it is you've tasked us to do deals with information. I would broadly picture the CIO taking care of the wiring, the IT. But beyond that as well.

My sense is I would want him to have a powerful voice in both security and sharing so that you don't kind of get the "He said, she said" dilemma when it comes to how you want to deal with information access.

So those are the broad areas, Senator, I think. We want to make sure whatever organization chart we finally come up with, all those things are well handled.

Vice Chairman ROCKEFELLER. You mentioned that competition can be good—if not in collection, then certainly in analysis.

One of the things that I helped get into the intelligence reform bill had to do with red-teaming, and that's contrary views. It was watered down when it finally arrived and was signed.

I'm interested—and I think that you've done this at the NSA—in how you view the importance of formalizing that contrarian or sort of opposing analytical views, competition.

General HAYDEN. You're right. We've done some things along these lines. Even in a collection agency like NSA, we really do empower some contrarians, not just to be contrary, but to raise questions like, well, have you ever looked at it this way, and to kind of pull your center of gravity of analysis maybe 20 or 30 degrees off to the side—and now things begin to look a little bit differently.

It's something that I believe in. I believe the Ambassador believes in that and I think you'll be pleased with the degree to which we are creative within that analytic box that the law lays out for us.

Vice Chairman ROCKEFELLER. Thank you.

Chairman ROBERTS. Senator Mikulski.

Vice Chairman ROCKEFELLER. She's not here.

Chairman ROBERTS. I beg your pardon.

Senator DeWine.

Senator DEWINE. No questions, Mr. Chairman.

Chairman ROBERTS. I like your style.

Senator DEWINE. Yes, sir.

Chairman ROBERTS. Senator Levin is not here.

Senator Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

General, I believe it's safe to say that you're very widely respected and it would be hard for me to see that your confirmation is going to be anything but unanimous. I hope that enables you to

see that you go in with a tremendous vote of confidence by all of us, which I think is important.

I'd like to ask you this question. Ambassador Negroponte, by virtue of the fact of where he's been, was necessarily somewhat vague in the answers to some of the questions. I understand that.

You, on the other hand, have been here, have been in very high levels for a substantial period of time and have had an opportunity to see the overview of the intelligence community of this Nation.

What do you believe—and I said, “what” rather than “who”—what do you believe is responsible for the enormous failures of intelligence surrounding Iraq and weapons of mass destruction?

General HAYDEN. Ma'am, that's a very difficult question and it's one that I've personally looked into. After the war and after the evidentiary trail began to play out the way it did, I brought our folks in, NSA folks.

As you well know, these aren't the final analysts. They don't put it all together. They look at the SIGINT and deal with that—honest people, very hardworking people, incredibly conscientious people, and I think that applies across the board.

I asked them questions: How confident were you on the morning of 19 March with the Nation going to war? I said, put everything outside of your mind. Not that he was a bad man. It's just WMD. Where were you, in your heart, on a scale of 1 to 10? Without betraying their privacy, I got some pretty high numbers. They had confidence.

We dug down deeper into that. Again, I'm kind of speaking from NSA experience but that's what I've had. It's very clear. It was clear to them, in fact it was clear to me before the war, that we had a mountain of evidence about WMD from which the community drew conclusions—but that the mountain was essentially inferential.

Senator FEINSTEIN. I don't understand what you mean by inferential.

General HAYDEN. No smoking gun. No smoking gun. It was indirect. It was oblique. It was dual-use chemicals. It was dual-use equipment. It was suspicious equipment bought in a very suspicious way.

How does a SIGINT analyst decide whether that's done to bust sanctions, to keep it secret from the rest of the Iraqi government, or to acquire precursor chemicals for weapons of mass destruction.

I think what happened, in each of our disciplines, people became expert in the information that their discipline provided and yet we didn't have a view into the trail of evidence in the other disciplines.

I'll speak personally. I'm at the NFIB. I'm at the National Foreign Intelligence Board. I raise my hand. I vote on the NIE. We had discussions, and you well know from the Committee's investigations, the discussions were spirited.

Frankly, I went in there carrying a brief, carrying a portfolio for the signals intelligence. There was nothing in that NIE that signals intelligence contradicted. Signals intelligence ranged from ambiguous to confirmatory of the conclusions in the National Intelligence Estimate.

Now, if you take my attitude and my view of that and you spread it around the room with every piece of the community looking at

their piece, you begin to get a sense of some segmentation, some fragmentation and the difficulty of getting a holistic view.

We've taken some big strides to fix that. Before I go to a meeting now of the National Foreign Intelligence Board, I have to sit and read pages of, for example, CIA/DO information on their evaluation of their sources that contributed to each of the conclusions of the Estimate.

So I would put the fault at we had a process that wasn't good enough. We had a process that didn't allow the right wholeness of view, a holistic view. We ended up where we were.

Senator FEINSTEIN. I still have a minute or so. Thank you.

The DNI has been given milestone decision authority over all programs in the NIP, to be jointly exercised with the Secretary of Defense for programs in DOD. As someone with a long experience with major program acquisition and as, in effect, the chief operating officer of the intelligence community, how will you work with the Director to gain control over cost and time overruns?

General HAYDEN. As I alluded to in an earlier question, I actually think this is one of the kind of the hidden powers in the law. It's just a small section.

Believe me, the Senate, in its wisdom, took the milestone decision authority of NSA away from us about 2 years ago. It's a difference. It makes a big difference. They put it in the Department of Defense and we've worked with Secretary Wynne in terms of our MDA.

We worked very productively with him, I might add, by the way. But the absence of that authority on the desktop of the Director of NSA, that gets noticed very quickly.

It's something I would strongly recommend to the DNI that he—we—hire the professional staff competent to fully make use of that authority. I think that that's going to be one of the key powers that the DNI—the office of the DNI—has.

Senator FEINSTEIN. Thank you very much.

Thanks, Mr. Chairman.

Chairman ROBERTS. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

Welcome to you, General, and congratulations on this appointment.

Many of us have been frustrated by the lack of responsiveness on the part of some parts of the intelligence community and some other Federal agencies to Congress when there are requests for documents and requests for declassification.

There have been recent problems getting documents on subjects ranging from intelligence assessments on Iraq to detainee abuse. In one instance, the Armed Services Committee waited more than a year to get answers for the record from the former DCI. In other instances, the CIA promised to provide documents and then failed to do so for up to a year. It's simply unacceptable.

I brought these facts to the attention of the current DCI, Porter Goss. He said he would look into it and he'd make sure that materials would be provided promptly, and he did what he promised.

In his letter to me of April 6th, this is what he wrote: "There is no excuse for such delays. I have conveyed to my staff that this is

not how the agency will treat requests.” I commend him for that letter and for his prompt response.

It’s a standard that I hope the entire intelligence community will adhere to. I want to know whether or not, if you are confirmed, whether you will commit to ensuring, to the best of your ability, timely and responsive information to the Members of this Committee, and will you make every effort to respond to requests for existing documents within weeks not months?

General HAYDEN. Yes, sir. I fully support that. I actually think NSA’s got a decent track record in trying to turn those kind of requests for information around.

I know there are legal procedures that have to be respected and who on the Committee is briefed and so on, but outside of that, I don’t see what the excuse would be for delaying the responses.

Senator LEVIN. General, I thank you for that.

A year and a half ago, the Defense Authorization Act removed final milestone decision activity from major acquisition programs from the Director of NSA, which is your current position, and vested that authority in the Under Secretary of Defense for Acquisition, Technology and Logistics. Now, in your new position, they give you something of a different perspective on that shift.

Can you tell us how has that worked out?

General HAYDEN. Frankly, we were surprised when the Congress made the decision. Acting like most large organizations do when a piece of power is pulled away from them, we objected and marshalled arguments as to why we opposed that. Frankly, I think we had some good arguments at the time.

It adds a burden of paperwork. I will tell you that, without argument, you’re staking up a lot of documents and a lot of three-ring binders in order to get a decision. But that costs in flexibility.

That said, Secretary Wynne, who exercised MDA over us, could not have been more wonderful in how he did it. He did it in a very, very cooperative spirit. Frankly, we’ve learned, as an agency, from some of the things that he’s pointed out to us.

I would like that experience to be the model for what the Office of the DNI now must do with milestone decision authority for the community, so that that MDA power isn’t a burden to each of the agencies, that in fact it is an enabler.

That’s going to require talent. We’re going to have to have some very good people on our staff.

Senator LEVIN. Thank you.

General, this morning’s New York Times had an article which troubled me, about the number of times in which communications that had been intercepted by the NSA were released to John Bolton. I was troubled by the number of times that this happened, frankly. But since you’re here and you’re in a position to give us some facts on this subject, I want to ask you a number of questions about it.

I gather that, according to the article, access to names may be authorized by NSA only in response to special requests, and these are not common, particularly from policymakers. That’s the quote in there. Is that an accurate statement?

General HAYDEN. I think that's a very accurate description. In fact, I read Doug Jehl's article. I think Doug laid it out in a very clear way.

The way it works, Senator, is that we are required to determine what is minimized U.S. person identity. Now, there is a whole body of law with regard to protecting U.S. privacy. But in an agency like ourselves, it is not uncommon for us to come across information to, from or about what we would call a protected person—a U.S. person. Then the rules kick in as to what you can do with that information.

The rule of thumb in almost all cases is that you minimize it, and you simply refer to "named U.S. person" or "named U.S. official" in the report that goes out.

Senator LEVIN. How often did Mr. Bolton request the names?

General HAYDEN. I don't know.

Senator LEVIN. Do you have a record of that?

General HAYDEN. We would have a record of it. Interestingly enough, I double-checked this this morning after reading the article just to make sure I had this right. Because I do approve, from time to time, the release of U.S. person identity. It's not very often. I have to do it when the identity is released to a U.S. law enforcement agency. If it's just done for foreign intelligence purposes, it's about three layers below me in the NSA org chart.

Senator LEVIN. Was there an unusual number of accesses requested by Mr. Bolton compared to requests from other senior officials?

General HAYDEN. I don't know that, Senator, I really don't. The requests from Secretary Bolton were not of such a number that they came to my attention.

Senator LEVIN. In other words, he obviously made requests. You say that someone other than you would have approved those.

General HAYDEN. On a normal basis; that's right.

Senator LEVIN. But you do have records as to how often?

General HAYDEN. Yes, sir, we would.

Senator LEVIN. Thank you.

General HAYDEN. I should add that's a formal process. That's just not a phone call.

Senator LEVIN. OK, thank you.

General HAYDEN. It's documented.

Senator LEVIN. Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Levin, I wanted to let you know that in answer to the No. 3 question that I asked and the general replied in terms of cooperating with the Committee—do you agree to provide documents or any material requested by the Committee in order for it to carry out its oversight and its legislative responsibilities—we didn't put a timeframe on it, but you have. His answer was an emphatic yes.

Senator LEVIN. I appreciate that, Mr. Chairman. Thank you.

Chairman ROBERTS. Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman.

General, welcome.

General HAYDEN. Thank you.

Senator WYDEN. General, on your watch, the National Security Agency implemented a program called Trailblazer to modernize its

information technology infrastructure. My understanding is that there were serious cost overruns with this program and that there were significant slippages in terms of the program.

I'd like you to tell me when you became aware this was a problem and what changes you put in place to root out the inefficiencies. I also think that that may be one of the reasons for the transfer of authority that colleagues have been talking about.

So if you would, take us through what happened here, when you found out about it, and what you did to turn the situation around.

General HAYDEN. Sure, Senator.

If you look at the things we do at the agency, Trailblazer is essentially about how we manage the vast volumes of data that our collection systems can bring to our attention. We've had pretty good success with the front-end in terms of collection. I'm going to just leave it at that in open session.

The more success you have with regard to collection, the more you're swimming in an ocean of data. So what Trailblazer was essentially designed to do was to help us deal with masses of information and to turn it into usable things for American decision-makers.

There is no other element out there in American society that is dealing with volumes of data in this dimension. I had several leaders of industry in and described our situation to these leaders, very well-known folks in the American IT and computing industry. I kind of, after describing our needs, kind of got a whistle from them, saying, whoa, that's bigger than anything we do. So it was quite a challenge.

We made the strategic decision, and, frankly, with the support of both the SSCI and the HPSCI—and I think correctly—made the strategic decision that we had to get out of the mode of building these things ourselves. We were America's information age organization during America's industrial age. We're no longer in America's industrial age. We could go outside and engage industry in doing this.

A personal view, now—looking back—we overachieved. We defined our relationship with industry as simply the definition of our requirements and then expect industry to come back and deliver something. We learned within Trailblazer that when we asked industry for something they had or something close to what they already had, they were remarkable in providing us a response, an outcome. When we asked them for something that no one had yet invented, they weren't any better at inventing it than we were doing it ourselves.

Let me give you a summary statement that I actually gave our senior leadership yesterday. In fact, we had a conference and I wanted to say a few things before the hearing today. I focused on Trailblazer and related things.

I would say it's about 60–40, that 60 percent of the difficulty in the program was just the raw difficulty of the challenge.

Senator WYDEN. How big were the costs overrun?

General HAYDEN. I'll take that for the record and give you exact numbers as to how the costs—

Senator WYDEN. Give me a general sense.

General HAYDEN. The costs were greater than anticipated, to the tune of, I would say, in the hundreds of millions.

Senator WYDEN. Pardon me, General. I only want you to go into matters that can be discussed in open session.

General HAYDEN. Right, I understand.

The slippages were actually more dramatic than the costs. As we slipped, the costs were pushed to the right. But I would say we underestimated the costs by, I would say, a couple to several hundred million in terms of the costs. Again, it was what we actually encountered doing this. It was just far more difficult than anyone anticipated.

Senator WYDEN. So the learning experience says that when you work with the private sector, you've got to change your relationship.

General HAYDEN. To a far more cooperative one, that there's a middle ground between doing it ourselves and just exporting the problem.

The other thing I'd add that we learned, Senator, is that we don't profit by trying to do moon shots, by trying to take the great leap forward, that we can do a lot better with incremental improvement, spiral development. That's where we are now with the program.

Senator WYDEN. Let me ask you about one other area, if I might, General. I feel very strongly that it is possible to fight terrorism ferociously without gutting the privacy and civil rights of our citizens. What would you do as a Principal Deputy at the DNI to protect the privacy rights of all Americans?

General HAYDEN. I would ensure that our collection is—all of our activities—is absolutely in compliance with all U.S. law and the Constitution.

I would also suggest, Senator, that you should expect of me that I'm right up to that line, that we're not pulling punches, that we're using all of the authorities that Congress has given to us in the law.

Senator WYDEN. What measures did you take as the Director at NSA to address privacy issues? This is as much to get a bit of your history in terms of dealing with the issue as looking forward.

General HAYDEN. We are, I would offer, the most aggressive agency in the intelligence community when it comes to protecting U.S. privacy. Part of that is virtue, but part of that's the nature of our work. We just have to be that way.

I would suggest to you, Senator, that culturally, culturally, it's more difficult to get NSA-ers to go up to the full force of their authorities than it is to prevent them from going over the line.

Senator WYDEN. Let me see if I can ask one other one. Like Senator Rockefeller, I have a great interest in technology. I'm concerned that we have lagged behind technologically. What would you do in this position to get the intelligence community out front in terms of technology rather than lagging behind?

General HAYDEN. A couple of things seem obvious. Rationalizing, organizing, making communal the various technology efforts that are now being undertaken in each of the different intelligence agencies, because of, not in spite of, but because of NSA's experience with the private sector, aggressively engage the private sector in the solution of these problems.

Senator WYDEN. I intend to support you, General. I look forward to working with you.

Thank you, Mr. Chairman.

Chairman ROBERTS. Thank you, Senator.

With the acknowledgement of Senator Snowe, who is next, Senator Hatch has requested that he make a brief statement, in that he has a conflict. So I will, with the permission of Senator Snowe, recognize Senator Hatch.

OPENING STATEMENT OF HON. ORRIN G. HATCH

Senator HATCH. I will only take a minute. I just want to personally express my gratitude for your service in the past and for your willingness to take on this daunting job and for your ability to be able to inspire and bring other people together to do the work that really has to be done and for the softness that you have but the toughness that you have as well.

Anybody who has graduated with a bachelor's and a master's degree from Duquesne University, I'm for. I just want you to know that. I used to play against some of their all-Americans. They were always tough. A lot of my colleagues and partners were law graduates from Duquesne University.

I just wanted to say how much I admire you. I'm grateful for this service. I'm not going to ask any questions.

I appreciate my dear colleague from Maine allowing me to just make these comments, so I can go on to another meeting.

General HAYDEN. Thank you, Senator.

Senator HATCH. Thank you, sir.

Chairman ROBERTS. Senator Snowe.

OPENING STATEMENT OF HON. OLYMPIA J. SNOWE

Senator SNOWE. Thank you, Mr. Chairman.

I too want to welcome you before the Committee, General Hayden—most importantly that we will have the benefit and the good fortune of your talent and experience to this position as Deputy Director of the National Intelligence Agency. We really appreciate the fact that you will be there.

Let me just ask you several questions that I think are certainly going to be important to your mission and to that of Ambassador Negroponte's.

One obviously that has been identified in the aftermath of 9/11 with the 9/11 Commission and, of course, our report and the Weapons of Mass Destruction Commission report, as well, the failure to share information, rightly known as information access at this point, which are one of the things that we regrettably and tragically learned in the aftermath of 9/11. They weren't connecting the dots, not sharing the information.

A lesson wasn't learned at that point. We then discovered in the prewar assessments that there was a failure to share information that led to very different and profoundly different assessments.

That was certainly true in the biological weapons program. Had all the analysts known about the credibility of Curveball, for example, or the information regarding the UAVs, and the failure to share this information, not only within an agency, but across the intelligence community agency.

This is a fundamental failure that obviously is going to need to be addressed. I would just wonder about your thoughts and perspective in terms of how you think the community has to be restructured so this failure never repeats itself again.

General HAYDEN. Yes, Senator. I actually think in many ways we're fairly well down the road. I think what the Ambassador and I would need to do is to kind of reinforce whatever successes we've had, to continue along the trajectory that we're already on.

In terms of sources, for example, I mentioned earlier, to respond to a question, when we come to look at an NIE, a National Intelligence Estimate, I've got far more visibility into everyone else's sources and their evaluation of those sources than I ever had a year or two back.

There are some cultural things. We'll have to deal with that—some reluctances—not bad people, maybe just old habits.

There are some sources and methods things, but I've already suggested we can work through that. There are some IT things. That's nontrivial. It's going to take some time.

I think, as you know, we're pretty well wired north-south inside of our organizations. There's not much plumbing left and right, east-west. We're going to have to take care of that. That's actually an aspect of an office of the DNI, who's charged with looking across the community, would naturally look at.

I don't naturally look at that as head of NSA. So there's an advantage in the legislation and in the structure.

Finally—and this is more of an existential problem than it is a cultural or an IT problem—the existential problem is this. How do you give enough people enough access to the information without not creating a symphony but creating a cacophony?

Again, I'll speak from an NSA experience. People want access to and the usual catch phrase for us is “raw traffic”—and they'll pound the table about that with me until we open up the access to raw traffic and they discover it's all in Arabic. At that point, you're not in a cultural question; you're in an existential question. What is the ability of that consumer to consume information that raw?

That's where we are now. I really think so. I need to be careful. That's where we are intellectually. Intellectually, all those other impediments I described for you, they're in our rear view mirror. There's practically a lot of work to be done.

Intellectually, now, we're at the question, how do you make that much information available to people who aren't as well schooled—in this case, knowing Arabic—as the people who have traditionally looked at it? That's the hard part right now. That's where we are.

Senator SNOWE. You think that, organizationally and procedurally, you're in a much better position to be able to make these cross-agency changes?

General HAYDEN. I would say that the trend line, even without the DNI, is positive, although no one would be enthused about the speed or the pace. With the DNI and with that both structural view across the community and then some of the powers that you put into the law, I would expect us to be able to accelerate.

Senator SNOWE. Turf battles, another area that has been identified, even most recently by the Weapons of Mass Destruction Com-

mission's report, the Silberman-Robb report, that underscored, again, that the counterterrorism threats and analyses have to be thoroughly integrated if we're going to counter any terrorism threat.

On the other hand, we're seeing numerous redundancies and duplication among the agencies. As you know, we've created a National Counterterrorism Center to replace the Terrorist Threat Integration Center.

I was thinking about it the other day. The President first indicated it was a major goal in the State of the Union address and that was in January, 2003. They wanted to create the Terrorist Threat Integration Center.

It seems like—it's been 2 years since the President issued that mandate—that we still have considerable problems with the redundancy and duplication, and the resistance to, again, to working together across agency lines, between the National Counterterrorism Center and the DCI Counterterrorism Office.

So I was wondering, what do you think needs to be done to clarify and define the missions of these respective offices so that we can avoid this duplication as well?

I mean, the President of the United States can issue a mandate and issue a directive, and 2 years later we're still fighting the same old turf battles. How do you think that we need to define these authorities to make sure that this doesn't continue?

General HAYDEN. Yes, ma'am. First of all, I take the point about the NCTC and what's been done there, and I think you know John Brennan has been very aggressive in establishing the center, not without, as you suggest, some issues.

Senator SNOWE. Well, in fact, he had most recently asked—he had some detailees assigned to the center, and not without difficulty.

General HAYDEN. Right. But John, I think, has the right sight picture as you've described. I know of the President giving the overall direction, as he should.

What perhaps may be lacking is a specificity. The President saying, "Eliminate duplication." I'm sorry to even footnote my own speech here. One needs to be careful. One wants to build a little duplication into some areas, like analysis, so you're not just going to one source and so you have competition. But overall, you're right. We need to rationalize what the entire community is doing.

The Department of Defense has something called the Unified Command Plan. They look at it about every 2 years. It's signed by the President. There's no doubt in anyone's mind that the U.S.-European Command has these responsibilities or that U.S. Transportation Command has these responsibilities.

We have no similar document within the intelligence community. It's an idea that we have discussed very informally, very briefly in the last 2 weeks since the Ambassador's been back.

Something like that, an approach like that, where someone who has authority for the entire community actually says, you're going to do this and you're going to do that. We've not done it that clearly before. If we're going to get the increased efficiencies you're suggesting we need, something like that's going to have to be done.

Now with the DNI—the DCI could have done that. But keep in mind, the DCI's sole job was not running the community. Let me suggest to you that even if he had made a decision that was infinitely wise, the fact that he was also the head of CIA would have presented that decision in a different light to the entire community. The DNI doesn't carry that burden.

Senator SNOWE. Thank you very much, General Hayden, again, and thank you for your willingness to step forward. I think you and Ambassador Negroponte are going to make a great team in leading this new position and agency. Thank you.

General HAYDEN. Thank you, ma'am.

Chairman ROBERTS. Senator Chambliss.

OPENING STATEMENT OF HON. SAXBY CHAMBLISS

Senator CHAMBLISS. Thank you, Mr. Chairman. Mr. Chairman, I am pleased that the President has seen fit to follow the recommendation by a sense of the Senate that we adopted last year during our intelligence reform bill that one of the two top positions in the new agency be a military officer.

I also would commend the President on his choice of General Mike Hayden to be the Deputy to the DNI. I think, without question, General Hayden brings exactly the type of operational background and experience to the job, the right kind of leadership.

As I told him the other day when he visited with me, in my position on the House Intelligence Committee, following September 11, General Hayden contacted me relative to the improvement of the capabilities of his office and his agency, without having to contact him. That showed the right kind of leadership that we need in this very critical time in the history of our country.

So I'm excited by General Hayden's nomination to this position. I look forward to supporting him.

General HAYDEN. Thank you, sir.

Senator CHAMBLISS. General, as you know, Senator Ben Nelson and I have introduced legislation to create a four-star combatant commander which will be titled INTCOM. This legislation brings together, for the first time, the DNI and military intelligence components from the four services, as designated by the Secretary of Defense.

The three national agencies in DOD, the NSA, NGA and NRO, remain directly under the Secretary of Defense, but authorizes the Secretary to direct communications between his office and these agencies to be transmitted through the INTCOM commander.

Also, there is no prohibition for the DNI to coordinate directly with the national agencies as required.

Do you see a benefit in creating a unified intelligence command to harmonize the intelligence activities being conducted by the Army, Navy, Air Force, Marine Corps and DIA? If so, can you please share with this Committee some of the major benefits that you see from that?

General HAYDEN. Yes, sir. I have talked to some members of your staff on several occasions and I've read the draft legislation.

Let me caveat my remarks by saying we're still kind of shaking out what the DNI structure is going to look like, so it's really difficult to now put this new structure into our sight and see how it

might relate. So anything I would say right now would be, of necessity, preliminary.

I'd offer a couple of views. One is, everyone talks about the American intelligence community being comprised of 15 different agencies. In fact, in my testimony to the House last August, I said I wish people would stop saying that. It sounds like we have too many men on the field and we should be permanently penalized or something.

Different aspects of that community need to have different relationships to the leadership of that community. I would offer, for example, that the intelligence activities of the military departments—Army, Navy, Air Force and Marines—should be very focused on the Department of Defense and the needs of DOD and the DOD leadership.

At the other end of the spectrum, you've got what I described in my remarks as those big, muscular collection agencies—NSA, NGA, NRO, for example. Although they're in the Department of Defense, they're the fighting force for the DNI, and his relationship to them has to be direct in terms of what it is he can do with them, be it budget or operations or anything in between.

My personal sense—and you and I have talked about this briefly—is that to the degree that Defense can package up the tactical intelligence activities of the military departments and present them in a unified, integrated, coherent way to the DNI, that would be a real virtue and something that would be very welcome.

Senator CHAMBLISS. Well, thank you, General. We look forward to continuing to dialog with you on that. I look forward to your confirmation and your leadership in putting this new agency together in the way that it needs to be coordinated.

General HAYDEN. Thank you, sir.

Senator CHAMBLISS. Thank you.

Chairman ROBERTS. Senator Rockefeller.

VICE Chairman ROCKEFELLER. Thank you, Mr. Chairman.

General Hayden, during the evolution of the reform bill last year, I proposed the creation of an intelligence community-wide ombudsman for politicization, similar to the current position at CIA. The final legislation was watered down, in fact, so it sort of said that it directed the DNI to assign an individual responsibility of performing the function, but it didn't necessarily say that that would be full-time. He might be doing five or six—or she doing five or six—other things.

I felt very strongly about this after the Committee's Iraq review. I feel even more strongly about this, as Carl Levin hinted, with respect to certain nomination hearings that are going on at the present time.

Do you think it makes sense to establish an ombudsman within the Office of the DNI to counsel analysts and initiate inquiries into real or perceived problems of analytical tradecraft or politicization, biased reporting, or lack of objectivity in the intelligence analysis, No. 1?

No. 2, how would you react if a senior policymaker—this always gets into this question of the creation of intelligence and then the use of intelligence—if a senior policymaker sought to take retribution? Now that could be in a variety of forms. It could be a visit,

which didn't imply retribution. It could be a follow-up visit if that analyst or particular employee had not analyzed or produced in the way which was consistent with the policymaker's point of view.

Again, I ask these questions because we're looking at the next 30, 40 years. I think this war on terror is going to go on a very long time, and the processes and the cachement areas that we put in place now will be effective for a long time.

So if a senior policymaker sought retribution or to directly influence against an intelligence analyst whose assessment didn't, obviously, agree with that policymaker's point of view, how would you handle that?

General HAYDEN. Yes, sir. I know Ambassador Negroponte was very clear. I think the phrase he used on Tuesday was to call them as he saw them. I think you've already gotten, the Committee's gotten, a personal commitment from the Ambassador that certainly, I think the term is telling truth to power—the emphasis on truth, and he would do that.

I have that experience in my dialog with him.

Vice Chairman ROCKEFELLER. Truth to power referred more to leveling with the President. This is, I think at a somewhat lower level, yes.

General HAYDEN. The law does provide for an ombudsman. We have included that in our organizational discussions. It is something that we're aware of, we intend to do, we intend to put into the analytical effort. It's one of the three or four pieces that we've kind of cobbled that must be part of analysis. So we would do that.

You have a personal commitment from the Ambassador. You're getting one from me right now. I know what my responsibility is. It is that I know what the truth is, that I speak the truth, and that, at an absolute minimum, anyone in the decisionmaking role—be it a military commander or a policymaker—knows what my understanding of the truth is.

I experienced this. You made a reference in your question to what would I do. I don't have to make that up. I have experienced that.

The J-2 for U.S. forces in Europe—if you recall, in the early 90s, we had an operation called Deny Flight, where we were trying to keep all the aircraft in Bosnia on the ground, essentially to prevent the Serbs from flying, since they were the only ones who had an air force.

Intelligence would look at all the sources of information for a day, and the U.S. military forces would have AWACS and fighters and fighter caps flying and so on. On an occasional day, we would have a body of evidence that said, you know, we've got a little SIGINT here, a little imagery here, a ground observer there. Those dots out there suggest they could be connected in a way that somebody may have scooted one of those Maya trainers at Banj Aluka and conducted a strafing run over at Bihach.

I quickly learned, when we began to brief that, the phenomenon that I later identified as the phenomenon of the unpleasant fact. When you brief, the unpleasant fact seems to have a higher standard of proof than the pleasant fact. This is entirely within a military chain of command. We kept reporting the truth as we knew it to be, not without some stress.

I can recall one of my brightest junior officers who finally said he had finally discovered what Deny Flight meant: The Serbs fly, and we deny it. So this happens a lot. It's part of the burden of being an analyst.

Vice Chairman ROCKEFELLER. It's part of the burden of being an analyst, but, if not unlawful, it comes perilously close to—a policy-maker to walk across that Grand Canyon slender bridge, enter the world of intelligence making to insert himself or herself into a process.

General HAYDEN. Yes, sir. Right, but even the WMD Commission, who's come back with a lot of recommendations about the intelligence community, things we could do better, talks about the need for this dialog between those who make policy and those who create intelligence. Although it may be susceptible to abuse, the only way to get from here to there is to have that dialogue.

I think the responsibility of an intelligence senior, in my case the J-2 at U.S. European Command, now as the Principal Deputy DNI, is when that dialog gets out of bounds, if it ever were to get out of bounds, you need to throw your body across the rails, you need to stop that.

Vice Chairman ROCKEFELLER. That's good.

So you would then have, at least as of this point, the concept of a full-time person working on that problem?

General HAYDEN. Yes, sir. We have talked about the function. I don't want to over-promise, Senator. We have talked about the function, the importance of that function. We understand that. I don't know that we've made any final decision.

Vice Chairman ROCKEFELLER. OK. I'll be watching.

Thank you very much.

Chairman ROBERTS. I was going to ask a question about the milestone decision authority. I think that's been covered.

One of the things that I noted in your comments, you noted the passion by which the intelligence reform bill was considered, and it was because, obviously, people have very strong opinions when it comes to national security and the sense of obligation and responsibility within their own committees. You do get passionate debate.

One of the things that we kept hearing—or that I kept hearing—was that basically it was pointed out to us—you don't have to point it out to the Vice Chairman and myself—that in the intelligence community, 80 percent of the funds are used for the military and that obviously nobody in the Congress would ever want to hinder in any way the lash-up that we need and want and hopefully are improving, and I think we are, between our intelligence community and the warfighter, and that that certainly was not an issue.

The comments kept coming to me when I was talking to various folks in the other body that while we are very much aware that the military is the majority user of intelligence, that the principal user of intelligence is the President of the United States and the National Security Council and, as a matter of fact, the Congress of the United States. I wondered if you would accept that as a fait accompli statement.

In conjunction with that, obviously, that either the President, National Security Council or Members of Congress would do noth-

ing but support in regard to intelligence to the warfighter, but that there is a difference between the majority user and the principal user of intelligence.

Would you care to comment?

General HAYDEN. Yes, sir, Senator.

Unless we have serious missteps—and I mean really serious missteps—I see nothing in the legislation—and I mean missteps in implementation—I see nothing in the legislation that condemns us to reducing our ability or willingness to support American combat forces.

I can't go into detail in open session. I know this is a fairly impassioned issue. But I would lay the record of the National Security Agency out for anyone who would care to look at it and to see what it is we've done in the past 3 years for intimate, immediate, direct support for American combat forces.

If the office of the DNI can raise the water level of the entire American intelligence community, it just simply improves the ability of that community to provide the specific support that our forces need.

Chairman ROBERTS. One other question in reference to the press article that was referred to by Senator Levin. Tell me if you agree with the following comments—that it is not unusual to request this type of information, that it has happened before, not only this administration, but in previous administrations; such requests are not in and of themselves inappropriate; and there are, most importantly, Attorney General-approved processes in place to deal with such requests.

Is that true? Is that correct?

General HAYDEN. All true. Let me add one additional thought, Senator. Again, I think Senator Wyden talked about authorities and privacy.

On balance, we're springloaded to minimize the U.S. person information in the report. We are allowed, for example, to actually put it in the original report if it is our judgment that that information is essential to understanding the intelligence value of that report. I think that's an exact quote from the intelligence directive.

On balance we're very cautious, we're very conservative about that. On balance we're probably under-shooting in terms of putting the U.S. identity in at the beginning. That then prompts the request for the U.S. identity.

It is routine, Senator.

Chairman ROBERTS. Well, I'm a little late in doing this, but I have here before me—and I apologize to Senator Levin for reading this without him being here, but I'll share it with him as soon as possible:

“The procedure for requesting a U.S. person identity when NSA publishes a SIGINT product that references a U.S. person references a generic one, i.e., ‘U.S. person.’ A person who receives an NSA product and who requires the specific identity for the performance of his official responsibilities may ask for the specific identity.

An office in the Signals Intelligence Organization at NSA is responsible for tracking and responding to such requests. If that office determines that the person making the request needs the information for the performance of his official responsibilities and if the information is necessary to understand the foreign intelligence or assess its importance, he will authorize the release of the informa-

tion. The specific identities will be made available only to those individuals submitting specific requests for these identities.”

Am I correct?

General HAYDEN. All true.

Chairman ROBERTS. That’s it. OK.

Thank you very much for coming. Thank you for the job you have done. And thank you for the job that you will do.

General HAYDEN. Thank you, Senator.

Chairman ROBERTS. The Committee stands adjourned.

[Whereupon, at 12:10 p.m., the Committee adjourned.]

QUESTIONNAIRE FOR COMPLETION BY
PRESIDENTIAL NOMINEES

Effective January 1998

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

**QUESTIONNAIRE FOR COMPLETION BY
PRESIDENTIAL NOMINEES**

PART A - BIOGRAPHICAL INFORMATION

1. NAME: Michael Vincent Hayden
2. DATE AND PLACE OF BIRTH: 17 March 1945, Pittsburgh, PA
3. MARITAL STATUS: Married
4. SPOUSE'S NAME: Jeanine Carrier Hayden
5. SPOUSE'S MAIDEN NAME IF APPLICABLE: Jeanine Alice Carrier
6. NAMES AND AGES OF CHILDREN:

<u>NAME</u>	<u>AGE</u>
Margaret Hayden Graf	36
Michael Hayden Jr.	35
Liam Daniel Hayden	29

7. EDUCATION SINCE HIGH SCHOOL:

<u>INSTITUTION</u>	<u>DATES ATTENDED</u>	<u>DEGREE RECEIVED</u>	<u>DATE OF DEGREE</u>
Duquesne University	09/1967 to 06/1969	Master of Arts	06/1969
Duquesne University	09/1963 to 06/1967	Bachelors Degree	06/1967

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.)

<u>EMPLOYER</u>	<u>POSITION/TITLE</u>	<u>LOCATION</u>	<u>DATES</u>
United States Air Force	Officer	Multiple	1969 to present (see text, next page)

1. January 1970 - January 1972, analyst and briefer, Headquarters Strategic Air Command, Offutt AFB, Neb.
2. January 1972 - May 1975, Chief, Current Intelligence Division, Headquarters 8th Air Force, Andersen AFB, Guam
3. May 1975 - July 1975, student, Academic Instructor School, Maxwell AFB, Ala.
4. July 1975 - August 1979, academic instructor and commandant of cadets, ROTC program, St. Michael's College, Winooski, Vt.
5. August 1979 - June 1980, student, Defense Intelligence School (postgraduate intelligence curriculum), Defense Intelligence Agency, Bolling AFB, D.C.
6. June 1980 - July 1982, Chief of Intelligence, 51st Tactical Fighter Wing, Osan Air Base, South Korea
7. July 1982 - January 1983, student, Armed Forces Staff College, Norfolk, Va.
8. January 1983 - July 1984, student, air attaché training, Washington, D.C.
9. July 1984 - July 1986, air attaché, U.S. Embassy, Sofia, People's Republic of Bulgaria
10. July 1986 - September 1989, politico-military affairs officer, Strategy Division, Headquarters U.S. Air Force, Washington, D.C.
11. September 1989 - July 1991, Director for Defense Policy and Arms Control, National Security Council, Washington, D.C.
12. July 1991 - May 1993, Chief, Secretary of the Air Force Staff Group, Office of the Secretary of the Air Force, Headquarters U.S. Air Force, Washington, D.C.
13. May 1993 - October 1995, Director, Intelligence Directorate, Headquarters U.S. European Command, Stuttgart, Germany
14. October 1995 - December 1995, special assistant to the Commander, Headquarters Air Intelligence Agency, Kelly AFB, Texas
15. January 1996 - September 1997, Commander, Air Intelligence Agency, and Director, Joint Command and Control Warfare Center, Kelly AFB, Texas
16. September 1997 - March 1999, Deputy Chief of Staff, United Nations Command and U.S. Forces Korea, Yongsan Army Garrison, South Korea
17. March 1999 - present, Director, National Security Agency, and Chief, Central Security Service, Fort George G. Meade, Md.

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):

No additional experience

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

All of the positions in number eight have contributed to intelligence and national security expertise. Of particular note are:

January 1972 - May 1975, Chief, Current Intelligence Division, Headquarters 8th Air Force, Andersen AFB, Guam

August 1979 - June 1980, student, Defense Intelligence School (postgraduate intelligence curriculum), Defense Intelligence Agency, Bolling AFB, D.C.

June 1980 - July 1982, Chief of Intelligence, 51st Tactical Fighter Wing, Osan Air Base, South Korea

July 1984 - July 1986, air attaché, U.S. Embassy, Sofia, People's Republic of Bulgaria

September 1989 - July 1991, Director for Defense Policy and Arms Control, National Security Council, Washington, D.C.

May 1993 - October 1995, Director, Intelligence Directorate, Headquarters U.S. European Command, Stuttgart, Germany

January 1996 - September 1997, Commander, Air Intelligence Agency, and Director, Joint Command and Control Warfare Center, Kelly AFB, Texas

March 1999 - present, Director, National Security Agency, and Chief, Central Security Service, Fort George G. Meade, Md.

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):

Defense Distinguished Service Medal
 Defense Superior Service Medal with oak leaf cluster
 Legion of Merit
 Bronze Star Medal
 Meritorious Service Medal with two oak leaf clusters
 Air Force Commendation Medal
 Air Force Achievement Medal

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):

<u>ORGANIZATION</u>	<u>OFFICE HELD</u>	<u>DATES</u>
Council on Foreign Relations	Member	2003 to present
American Assoc of Retired People	Member	2001 to present
Army/AF Mutual Aid Assoc	Member	1995 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):

Almost all speeches given have been in an official capacity for the US government. Copies of many of those given 1999-2005 while I have been at NSA are available at nsa.gov. Texts of others may be available. Only a few speeches have been given that have not been in an official capacity. One example is a high school graduation address given in June, 2004 in Pittsburgh, PA. One article on US Intelligence in the Balkans was published by the Joint Military Intelligence College in 1996. I also authored a chapter on my work as a military attaché for an anthology published in 1990; the chapter was officially cleared for publication by the Department of Defense.

PART B - QUALIFICATIONS

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

My position for the past six years as the Director of the National Security Agency well positions me, I believe, to contribute to the Office of the Director of National Intelligence (DNI). The NSA job had a particularly high content of three traits that will be critical to the DNI: 1) the need to be attentive to the demands of both security and liberty, particularly in terms of US citizens' privacy; 2) the need for sensitivity to both the interagency process and international partnerships in assuring American security; and 3) the need for intelligence that is relevant and timely for both policy and operational consumers.

The NSA position allowed me to see close up the workings of the American intelligence community. I was able to witness its successes and its shortcomings; being in or near the "inner circle" also allowed me to see what leadership approaches and organizational structures worked (and didn't work).

While at NSA I got some valuable experience at running a very large organization, the biggest in our community. I am really sensitive to the demands that will be placed on the heads of our agencies. At the same time, my experience points me toward those changes that will have to be made, even if they make some of our leadership uncomfortable.

Finally, although I have intelligence experience, prior to my NSA job more than half of my career had been outside of the intelligence career field. This gives me a somewhat unique perspective on the profession as I can more easily see things from the customer and producer sides of the street.

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):

None

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

None

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. All relationships with foreign governments for me, including my wife, have been in my official capacity.

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.

My wife and I have worked with the National Military Family Association and have occasionally supported legislation designed to help military families. This has been limited to attending a small number of receptions with members of Congress.

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.

No such action will be necessary as we are not currently involved in any such relationships.

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.

Not applicable

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.

None

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.

Upon completing public service, I intend to enter the private sector (for the first time). I will pursue opportunities to write, teach and comment on public affairs.

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.

Limited only to casual and general conversation about the possibilities for employment when I leave military service. The Kennedy School of government at Harvard has expressed specific (albeit informal) interest in the possibility of my working there.

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 spouse is not employed.

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.

<u>NAME OF ENTITY</u>	<u>POSITION</u>	<u>DATES HELD</u>	<u>SELF OR SPOUSE</u>
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None

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.)

See attachment for a list of gifts received in my official capacity as Director, National Security Agency. All gifts retained by me meet U.S. government and DoD regulations for accepting such gifts. In addition, I have received NFL football tickets for a variety of Steeler games from Mr. Dan Rooney, owner of the club, and personal friend since 1956.

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

GIFTS RECEIVED

04/01/99 - 03/21/05

PRESENTER	DATE	GIFT	TO	PRICE	COUNTRY
FOREIGN PARTNER	5/3/2000	Silver Minoan Bowl	HAYDEN Lt Gen Michael V USAF DIR	\$235.00	FOREIGN
FOREIGN PARTNER	5/24/2000	Crystal Eagle	HAYDEN Lt Gen Michael V USAF DIR	\$190.00	FOREIGN
FOREIGN PARTNER	9/11/2000	Silver and Glass Vase	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	9/11/2000	Silver Learning Tree	HAYDEN Lt Gen Michael V USAF DIR	\$135.00	FOREIGN
FOREIGN PARTNER	9/14/2000	Silver Dagger	HAYDEN Lt Gen Michael V USAF DIR	\$190.00	FOREIGN
FOREIGN PARTNER	9/23/2000	Handpainted Tile Plate	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	12/21/2000	Travel CD-Radio-Alarm Clock with adapter and travel case	HAYDEN Lt Gen Michael V USAF DIR	\$219.95	FOREIGN
FOREIGN PARTNER	1/29/2001	Framed Arrows	HAYDEN Lt Gen Michael V USAF DIR	\$200.00	FOREIGN
FOREIGN PARTNER	2/14/2001	Black Celadon Vase	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	3/6/2001	Floral Vase with Lid	HAYDEN Lt Gen Michael V USAF DIR	\$175.00	FOREIGN
FOREIGN PARTNER	4/3/2001	2001 coins Set	HAYDEN Lt Gen Michael V USAF DIR	\$200.00	FOREIGN
FOREIGN PARTNER	5/2/2001	Large Frame Handwritten Calligraphy Artwork	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	6/21/2001	Glass Etching of Security Intell Div	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	7/30/2001	Woven Blue Rug	HAYDEN Lt Gen Michael V USAF DIR	\$200.00	FOREIGN
FOREIGN PARTNER	12/20/2001	Lead Crystal Vase	HAYDEN Lt Gen Michael V USAF DIR	\$169.00	FOREIGN
FOREIGN PARTNER	1/14/2002	Brown Glass Desk Set	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN

GIFTS RECEIVED

04/01/99 - 03/21/05

FOREIGN PARTNER	4/10/2002	Ceramic Tile Bookend	HAYDEN Lt Gen Michael V USAF DIR	\$115.00	FOREIGN
FOREIGN PARTNER	4/12/2002	Visconti Fountain Pen	HAYDEN Lt Gen Michael V USAF DIR	\$190.00	FOREIGN
FOREIGN PARTNER	4/18/2002	Green Faced Decorative Bust	HAYDEN Lt Gen Michael V USAF DIR	\$120.00	FOREIGN
FOREIGN PARTNER	5/22/2002	Porcelain Swan	HAYDEN Lt Gen Michael V USAF DIR	\$120.00	FOREIGN
FOREIGN PARTNER	5/30/2002	Crystal Horse Figurine - signed and numbered	HAYDEN Lt Gen Michael V USAF DIR	\$200.00	FOREIGN
FOREIGN PARTNER	6/20/2002	Wooden Desk Clock	HAYDEN Lt Gen Michael V USAF DIR	\$182.95	FOREIGN
FOREIGN PARTNER	8/28/2002	Swarovski Stallion	HAYDEN Lt Gen Michael V USAF DIR	\$260.00	FOREIGN
FOREIGN PARTNER	9/3/2002	Dragon art glass	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	10/14/2002	Framed picture Notre Dame	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	10/14/2002	Citadelles and Mazenod	HAYDEN Lt Gen Michael V USAF DIR	\$75.00	FOREIGN
FOREIGN PARTNER	12/17/2002	Bronzed Serving bowl	HAYDEN Mrs. Jeanine	\$150.00	FOREIGN
FOREIGN PARTNER	12/17/2002	Wooden Case with Wine and Glasses	HAYDEN Lt Gen Michael V USAF DIR	\$110.00	FOREIGN
FOREIGN PARTNER	12/18/2002	Vodka shot glasses	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	5/14/2003	Framed artwork	HAYDEN Lt Gen Michael V USAF DIR	\$110.00	FOREIGN
FOREIGN PARTNER	6/18/2003	Fountain Pen	HAYDEN Lt Gen Michael V USAF DIR	\$104.00	FOREIGN
FOREIGN PARTNER	9/15/2003	SNORRI Book	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	9/17/2003	Sweater	HAYDEN Lt Gen Michael V USAF DIR	\$125.00	FOREIGN

GIFTS RECEIVED

04/01/99 - 03/21/05

FOREIGN PARTNER	10/3/2003	Warrior Statue	HAYDEN Lt Gen Michael V USAF DIR	\$110.00	FOREIGN
FOREIGN PARTNER	10/17/2003	Wooden and Jade-like small screen	HAYDEN Lt Gen Michael V USAF DIR	\$160.00	FOREIGN
FOREIGN PARTNER	10/28/2003	Book	HAYDEN Lt Gen Michael V USAF DIR	\$140.00	FOREIGN
FOREIGN PARTNER	11/4/2003	Pashminia	HAYDEN Lt Gen Michael V USAF DIR	\$110.00	FOREIGN
FOREIGN PARTNER	11/13/2003	Framed Painting	HAYDEN Lt Gen Michael V USAF DIR	\$120.00	FOREIGN
FOREIGN PARTNER	2/4/2004	Framed Olympic Athletic pins	HAYDEN Lt Gen Michael V USAF DIR	\$150.00	FOREIGN
FOREIGN PARTNER	9/14/2004	Llardo Don Quixote figurine	HAYDEN Lt Gen Michael V USAF DIR	\$187.00	FOREIGN
FOREIGN PARTNER	12/8/2004	Box of 6 bottles of wine	HAYDEN Lt Gen Michael V USAF DIR	\$125.00	FOREIGN
FOREIGN PARTNER	1/13/2005	Ceramic Plates	HAYDEN Lt Gen Michael V USAF DIR	\$240.00	FOREIGN
FOREIGN PARTNER	2/9/2005	Pewter Ship	HAYDEN Lt Gen Michael V USAF DIR	\$250.00	FOREIGN
FOREIGN PARTNER	3/1/2005	Pewter Beer Mug	HAYDEN Lt Gen Michael V USAF DIR	\$120.00	FOREIGN
FOREIGN PARTNER	3/2/2005	Glass plaque	HAYDEN Lt Gen Michael V USAF DIR	\$125.00	FOREIGN

OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CURRENT VALUATIONS ARE USED.)

<u>DESCRIPTION OF PROPERTY</u>	<u>VALUE</u>	<u>METHOD OF VALUATION</u>
Pentagon Credit Union Savings	\$14,000	
Pentagon Credit Union CD	\$15,000	
Nations Bank Savings	\$1,000	
USAA Growth & Income Fund	\$95,000	
Rental Property (house)	\$350,000 (est)	
IRA #1	\$8,400	
IRA #2	\$2,400	
Roth IRA	\$9,100	

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.)

<u>NATURE OF OBLIGATION</u>	<u>NAME OF OBLIGEE</u>	<u>AMOUNT</u>
Mortgage for Rental House	Washington Mutual	\$137,000

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.)

	2000	2001	2002	2003	2004
SALARIES	122,000	126,000	127,400	132,000	131,322*
FEES	-	-	-	-	-
ROYALTIES	-	-	-	-	-
DIVIDENDS	239	267	177	204	2,125
INTEREST	293	126	126	107	241
GIFTS**	-	-	-	-	-
RENTS	19,000	20,600	21,100	21,400	21,800
OTHER	-	-	-	-	-
TOTAL	141,532	146,993	148,803	153,711	155,488

* Does not include August, 2004 military pay: combat zone exclusion.

** Detailed gift listing with values provided in attachment (question 27)

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

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

We are both legal residents of Texas which has no state income tax.

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.

Not applicable.

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.

No. There are no conflicts of interest.

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.

See attached.

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.

See attached.

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.

See attached.

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

PART F - SECURITY INFORMATION

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

No

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

Yes. I received a routine polygraph examination in the Fall of 1993 while I was the Chief of Intelligence for US Forces in Europe and a second polygraph in April, 1999 when I assumed the position of Director, National Security Agency.

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

No

PART G - ADDITIONAL INFORMATION

47. 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 NATIONAL INTELLIGENCE, THE PRINCIPAL DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE, AND THE INTELLIGENCE COMMITTEES OF THE CONGRESS, RESPECTIVELY, IN THE OVERSIGHT PROCESS.

The best evidence of my attitude toward Congressional oversight is probably my conduct before the Committee over the past six years as the Director of the National Security Agency. In a variety of sessions I have tried to be completely open and have treated the Committee as a stakeholder in our operational successes. The Committee has been very supportive and has contributed to the NSA's successes not just through the provisioning of resources but in also playing its role in overseeing the Agency's overall direction.

This is critical. To be successful, the American intelligence community has to be very powerful and largely secret. And yet we live in a political culture that distrusts two things most of all: power and secrecy. The path through what would otherwise be an unsolvable dilemma is the Congressional oversight structure where the people's elected representatives have full access to our activities—thus ensuring necessary secrecy while creating the public confidence that ultimately allows us to create and exercise the powers that we need.

It is therefore a principal duty (in both a legal and operational sense) of both the DNI and his deputy to keep Congress fully informed .

PART E – ETHICAL MATTERS

41. While serving as Director of NSA, I have been named personally as a defendant in one civil action. I obtained representation from the Department of Justice and was dismissed from the action by the filing of an amended complaint by the Plaintiff. Glen Broetner v. George Tenet et al., Civil No. 03-9097 (Central District California).

The law requires that the Director of any federal agency be named in all equal employment opportunity complaints and the agency be named in all other suits. Accordingly, as a matter of course, I have been named a party in equal employment opportunity litigation. To the best of my knowledge, however, there have been no adverse findings related to work I have done. There were two adverse findings against NSA while I was Director, but both findings related to time periods prior to my term. Thomas E. Kaprive v. Kenneth A. Minihan, Appeal No. 01972374 (September 2, 1999); Joseph B. Flint v. Michael V. Hayden, Appeal No. 01A02308 (June 20, 2002).

42. I have testified before the Joint (HPSCI and SSCI) Intelligence Commission investigating the events of 9-11. I have also been extensively interviewed by Congressional committee staff, by the staff of the Keane Commission of 9-11 and by the President's Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction.

During the informal counseling period, an investigator interviewed me in connection with an equal employment opportunity investigation. The complainant alleges discrimination when she was non-selected to the NSA senior executive service (Defense Intelligence Senior Executive Service). The matter is pending.

In 2002, I was the subject of an inquiry to address an allegation that I had an "adulterous relationship with a subordinate officer." As part of a divorce involving an Air Force officer, her husband posted, on a website, nude photos of his wife, and made allegations accusing me and a number of other Air Force officers of a variety of offenses. Before I even knew of the website, the Air Force looked into the matter and determined that there was insufficient evidence to warrant an investigation. When I later learned of the website (and the Air Force complaint analysis), I informed the Secretary of Defense and the Chief of Staff of the Air Force. A DoD IG inquiry followed which determined that the charges were unsubstantiated. The NSA IG received an anonymous complaint about the same matter in 2003. The NSA IG declined to investigate the matter and deferred to the DoD IG and Air Force IG.

Another anonymous complaint to the NSA IG in 2003 alleged that the former head of the SIGINT Directorate, another senior NSA official and I covered up an alleged waste of government resources relating to excessive computer downtime. NSA's IG found no such excessive downtime and no attempt to cover anything up. The matter was closed as unsubstantiated.

The last IG complaint filed in 2004 alleged that NSA employee was financially harmed by my decision to delay the implementation of pay banding. After discussing his

allegation with IG's complaint-intake official, the employee decided not to pursue the complaint. The IG did not pursue the matter because he deemed my action to be within my lawful discretion and made pursuant to DoD policy.

AFFIRMATION

I, MICHAEL V. HAYDEN, DO SWEAR THAT THE ANSWERS I HAVE PROVIDED TO THIS QUESTIONNAIRE ARE ACCURATE AND COMPLETE.

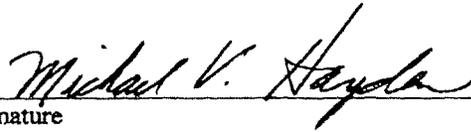
21 March '05 Michael V. Hayden
(Date) (Name)

Sandra L. Loftis
(Notary)

SANDRA L. LOFTIS
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires September 1, 2006

TO THE CHAIRMAN, SELECT COMMITTEE ON INTELLIGENCE:

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


Signature

Date: 21 March '05

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 U.S. Office of Governmental Ethics
 Reporting Individual's Name
 Hayden, Michael V.

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SCHEDULE A

Income: type and amount. If "None (or less than \$20)" is checked, no other entry is needed in Block C for that item.

Valuation of Assets
 as of close of
 reporting period

Assets and Income

BLOCK A	BLOCK B										BLOCK C					Date (Mo./Day/Year)	Other Income Reporting Type & Amount	Date (Mo./Day/Year)		
	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	Over \$250,000,000	Over \$500,000,000	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$5,000	\$5,001 - \$25,000	\$25,001 - \$50,000				\$50,001 - \$100,000	\$100,001 - \$500,000
1 Pentagon Federal Credit Union Savings Account	X																			
2 Pentagon Federal Credit Union IRA (1) Cash Holding	X																			
3 Pentagon Federal Credit Union IRA (2) Cash Holding	X																			
4 Pentagon Federal Credit Union 1 year Certificate of Deposit	X																			
5 USAA ROTH IRA - Cash holding	X																			
6 USAA Growth & Income Fund																				
House, Burke VA																				

* 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.

SF 218 (Rev. 02/2000)
 U.S. Office of Government Ethics
 Reporting Individual's Net Worth

Reporting Individual's Name
 Hayden, Michael V.

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SCHEDULE C

Part I: Liabilities
 Report liabilities over \$10,000 owed to any one creditor in any class 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 ranked out loans secured by automobiles, household furniture or appliances, and liabilities owed to obtain realtor fees in real estate. See instructions for revolving charge accounts.

Examples:	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount Owed (Yr)
1	First Liberty Bank, Washington, DC 1100 New York St., Washington, DC	Mortgage on rental property, Virginia	1997	8.5%	30 yrs	\$10,001 - \$15,000
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 of 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.

Example:	Parties	Date
1	Partnership agreement, with various long term payment of capital account & partnership share calculated on terms set forth in paragraph 100.	7/85
2		
3		
4		
5		
6		

Please Show Cannot Be Used.

SS-270 (Rev. 01/07/2002)
 U.S. Office of Government Ethics
 5 C.F.R. Part 2634

Reporting Individual's Name
 Hayden, Michael V.

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SCHEDULE D

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.

1	Organization (Name and Address)	Type of Organization	Position Held	Dates		None
				From (Mo., Yr.)	To (Mo., Yr.)	
1	Ex: Nat'l Assn. of Book Collectors, NY, NY Dec. 1981 & Smith, Hamamtown, State	Non-profit education Law firm	President Partner	1992	1983	<input checked="" type="checkbox"/> Present
2						
3						
4						
5						
6						

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.

1	Source (Name and Address)	Brief Description of Duties	None
1	Ex: Doe, Jones & Smith, Hamamtown, State Mater University (client of Doe, Jones & Smith), Hamamtown, State		<input checked="" type="checkbox"/>
2			
3			
4			
5			
6			

Print Edition Cannot Be Used

Executive Branch Personnel Public Financial Disclosure Report

Form Approved
OAR No. 2299 - 9001

278 (Rev. 04/27/04) U.S. Office of Government Ethics 1215 Constitution Avenue, NW Washington, DC 20543		Reporting Period (Month, Day, Year) 2004-2004		Inclusion <input checked="" type="checkbox"/> (Check Appropriate)		New Payment <input type="checkbox"/> (Indicate if Applicable)		Termination <input type="checkbox"/> (Indicate if Applicable)		Fee for Late Filing Any individual who is required to file this report more than 30 days after the date the report is due shall be subject to a \$200 fee.	
Reporting Individual's Name Hayden		First Name and Middle Initial Michael V		Position for Which Filing Director		Agency (Indicate if Applicable) Security Agency		Reporting Periods Incumbent: The reporting period is the preceding calendar year except that 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 for which you were last employed at the date of termination. Part II of Schedule D is not applicable.	
Location of Present Office 902 S. ... Title of Position(s) and District, if any		Name of Congressional Committee, Committee, Subcommittee, or Subcommittee (If Applicable)		Signature of Reporting Individual Michael V. Hayden		Date (Month, Day, Year) 04/10/04		Schedule A: The reporting period for income (FD-203) is the preceding calendar year and the current calendar year. The reporting period for Schedule B is the calendar year up to 31 days of the date of filing.		Schedule B: Not applicable.	
Presidential Nominee Subject to Senate Confirmation		Name of Congressional Committee, Committee, Subcommittee, or Subcommittee (If Applicable)		Signature of Filers' Responder Kimberly A. Proctor		Date (Month, Day, Year) 7/2/04		Schedule C, Part I (Liabilities)—The reporting period is the preceding calendar year. The reporting period for any debts you choose that is within 31 days of the date of filing.		Schedule C, Part II (Arrangements or Arrangements)—State any arrangements or arrangements as of the date of filing.	
Certification I certify that the information provided in this report is true and correct to the best of my knowledge.		Signature of Filers' Responder Kimberly A. Proctor		Date (Month, Day, Year) 7/6/04		Schedule D: The reporting period is the preceding calendar year or the current calendar year up to the date of filing.		Agency Use Only 05104104		Other Use Only	
Office of Government Ethics Use Only		Comments of Reviewing Official (if additional space is required, use the reverse side of this sheet)		Signature Kimberly A. Proctor		Date (Month, Day, Year)		Agency Use Only		Other Use Only	
IR 5104104 No Conflicts Changes made per revision		(Check box if filing extension granted & indicate number of days) <input type="checkbox"/>		Signature Kimberly A. Proctor		Date (Month, Day, Year)		Agency Use Only		Other Use Only	

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VE 778 (Rev. 03/19/80)
 S.I. 101 (Rev. 7-81)
 U.S. Internal Revenue Service

Reporting individual's name
Archie V. Hayden

SCHEDULE A

Page Number
2

Income: type and amount. If "None" for less than \$201* is checked, no other entry is needed in block C for that item.

BLOCK A Assets and Income	BLOCK B Valuation of Assets at close of reporting period										BLOCK C 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	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	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	Over \$5,000,000	
None <input type="checkbox"/>																						
Central Alliance Operation																						
Bank of South Home Loan, Inc.																						
Resurgence Equity Trust																						
Bank of America, N.A. (IRA)																						
1 Penton Federal Credit																						
1 Wachovia Bank																						
1 USAA Growth - Income Fund																						
1 Home Bond Lake																						
1 Bondlink D.																						
1 IRA Penton Federal																						
1 (Penton) Credit Union #1																						
1 IRA Penton Federal																						
1 (Penton) Credit Union #2																						

* 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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SCHEDULE B
Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting individual's Name: Michael Hayden Page Number: 4

Part I: Transactions
Do not report a transaction involving property used solely as your personal residence, or an automobile, unless you have an ownership interest in it. Check the "Beneficial or derivative" check in instance when made pursuant to a certificate of divestiture from OIG.

Line	Date	From	To	Amount of Transaction (\$)	Beneficial or derivative
1	USA	Growth	January Fuel		
2	USA	Trust	Savings Plan		
3					
4					
5					

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 conflict analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4311 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 your agency or dependent child totally independent of their regular employment; or received in payment of liability at the donor's residence. Also, for purposes of aggregate reporting, include the net point value from one source, exclude items worth \$100 or less. See instructions for other exclusions.

Line	Source (name and address)	Gift description	Value
1	Ballantine Bank Directors, 8714 Frank Road, San Francisco, CA	Airfare ticket, hotel room & meals furnished to national conference (airfare included in total)	\$300
2	Frank Jones, San Francisco, CA	Travel expenses (per diem & food)	\$100
3			
4			
5			

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SF 278 (Rev. 03/27/2001)
 U.S. Office of Government Ethics

Reporting Individual's Name: Stephen M. Michael Page Number: 6

SCHEDULE D

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.

Examples	Name of Organization (Name and Address)	Type of Organization		From (Mo./Yr.)	To (Mo./Yr.)	None
		Non-profit	For-profit			
1	Examples: Dept. of Justice & Smith, Washington, State			6/92	Present	<input checked="" type="checkbox"/>
2				7/85	1/90	
3						
4						
5						
6						

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 employers of any corporation, firm, partnership, or other business enterprise, or any other source (Name and Address).

Examples	Name and Address	Amount	Description of Duties
1	Examples: Dept. Justice & Smith, Washington, State		
2			
3			
4			
5			
6			

Do not complete this part if you are an incumbent or Presidential Candidate.

None

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Responsibilities of the Principal Deputy Director of National Intelligence

(U//FOUO) **Question 1.** Explain your understanding of the obligations of the Principal Deputy Director of National Intelligence (PDDNI) under Section 502 and Section 503 of the National Security Act of 1947, including the responsibility of the Director of National Intelligence (DNI) to ensure that all departments, agencies, and other entities of the United States Government involved in intelligence activities comply with the reporting requirements in those sections.

(U//FOUO) **Answer.** As the Director of the National Security Agency, I emphasized to the workforce the importance of developing and maintaining good relations with the Congress. These efforts have paid off. Today NSA enjoys a very good working relationship with the Hill.

(U//FOUO) Part of this success comes from ensuring the Congress receives information about intelligence activities in a timely manner as required by law. If confirmed, I would suggest steps to help Ambassador Negroponete make sure the Intelligence Community (IC) as a whole achieves this goal. For example, because the tone for dealing with the Congress is set at the top, I would recommend to Ambassador Negroponete that he require each element of the Intelligence Community to follow a "SCs" policy. That is, when interacting with the Congress, each element should be complete, consistent, correct, corporate, and deal in candor. In addition, I would recommend to Ambassador Negroponete that he require each IC element to establish policies, procedures, and organizations for identifying potential reportable issues and bringing them to the attention of the staff of the Office of the DNI for final disposition. In this manner, the DNI would set the standard for providing information to the Congress it needs in order to carry out effective oversight.

(U//FOUO) **Question 2.** Explain your views regarding the utility of the positions of the Deputy Director of Central Intelligence for Community Management, Assistant Director of Central Intelligence for Collection, and Assistant Director of Central Intelligence for Analysis and Production and whether those positions should be recreated, or their duties reassigned, within the Office of the DNI.

(U//FOUO) **Answer.** Ambassador Negroponete has not yet decided what structure of the Office of the DNI he will implement, if confirmed. Clearly, the positions described in the question perform important Community functions today and Ambassador Negroponete may want those functions to continue in some form under the DNI structure. For instance, Ambassador Negroponete might want someone in charge of management issues that cut across the Community. This would include developing and determining the budget for the National Intelligence Program. Thus, while no decisions have yet been made, I would recommend to Ambassador Negroponete that he set Community-wide policies as discussed in the Intelligence Community Reform and Terrorism Prevention Act in such areas as personnel, the protection of intelligence sources and methods, and education and training. The law also gives the DNI important responsibilities for tasking

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intelligence collection, and Ambassador Negroponte might want these responsibilities to be reflected in an organizational structure under the DNI. Similarly, the law obligates the DNI to ensure analytic integrity and objectivity and these obligations would need to be considered when Ambassador Negroponte designs the Office of the DNI.

(U//FOUO) **Question 3.** Explain your views regarding the importance of the DNI's authority under Section 106 of the National Security Act of 1947, as amended by the National Security Intelligence Reform Act of 2004, to recommend for appointment, or concur or consult in recommendations to appoint, certain Intelligence Community (IC) officials. How would you advise the DNI on the exercise of this authority?

(U//FOUO) **Answer.** It is essential the DNI have a substantial voice in the selection of the heads of IC elements. If confirmed, I would recommend to Ambassador Negroponte that the overriding consideration should be doing what is best for the country. The law makes the DNI responsible for ensuring that this happens, and I support his authority. I would recommend to Ambassador Negroponte that he look for people who have the qualities needed to carry the Intelligence Community into the 21st Century.

- (U//FOUO) This would include people who are dedicated to protecting the country. Intelligence work is a high calling and often requires sacrifices by the individual and his family. The IC needs people who are willing to put national needs above personal needs and serve the country by being its first line of defense.
- (U//FOUO) It would also include people who are proven leaders. I have often said the strength of NSA is its people; NSA goes down the elevators when our people go home at night. Finding the right individuals with the skills to lead the workforces of the various IC elements is critical to successfully facing the challenges confronting the Community and the nation.
- (U//FOUO) I would also advise Ambassador Negroponte to choose people who are committed to working cooperatively across the IC while fulfilling the mission of their host agency or department. This will take a special kind of talent. Individuals chosen to lead the IC must be keenly focused on the IC mission and work together to further the national interests of the United States.

Information Access

(U//FOUO) **Question 4a.** What actions will you take, should you be confirmed as PDDNI, to enhance information access by ensuring that all IC analysts – with a valid security clearance and a need-to-know have access to pertinent information contained in human intelligence operations cables, raw signals intelligence, or other such information not currently made available to analysts?

(U//FOUO) **Answer.** The law gives the DNI broad authority to formulate, implement and enforce IC-wide information sharing policies. Over the past year, the Intelligence Community has made much progress in the policy arena by modifying or deleting

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existing policies which restricted information sharing and issuing new policy to increase the sharing of information. If confirmed, I would recommend to Ambassador Negroponte that we need to quicken the pace of these initiatives and provide better DNI oversight and metrics to ensure that they are being implemented.

(U//FOUO) My view is that the Community needs to provide information in a way that maximizes its value to the consumer. All agencies must provide intelligence information at the earliest point at which consumers can understand it, add value to it, and effectively use it to support their mission objectives.

(U//FOUO) No one inside or outside the Intelligence Community can doubt that if we are to fulfill our obligation to protect the nation, we must share information more fully, not only across the Community, but with other elements of Federal, state, and local government as well. There is universal agreement that analysts must know more, be able to find and draw connections between data more easily, and discern immediately the significant patterns that seem obvious in hindsight.

(U//FOUO) However, I would suggest to Ambassador Negroponte that he ensure that increased sharing results in the coupling of unique expertise, both inside and outside the intelligence community, with the right types of information. We must create an environment that enables professionals to produce valuable intelligence by associating data points from multiple sources. If confirmed, I would recommend to Ambassador Negroponte that he make sure these efforts do not overload decision-makers, create chaos, violate U.S. privacy rights, or result in the loss of fragile collection sources and methods.

(U//FOUO) **Question 4b.** Some statutory barriers to information sharing have been removed by the USA PATRIOT Act and Intelligence Authorization legislation. Explain whether additional modifications to Executive Order 12333 or other applicable authorities or statutes will be required before the IC can operate like a true “information enterprise” – where information is accessible by all IC elements.

(U//FOUO) **Answer.** My view, which if I am confirmed I will discuss with Ambassador Negroponte, is that no additional changes to any authorities are required at this time in order for the Intelligence Community to operate like a true “information enterprise.” IC current authorities are sufficient to enable the IC to provide relevant information at the appropriate stage and in usable form to those who have the mission, capability, and expertise to act on it.

(U//FOUO) I think the “information enterprise” model the question suggests is very useful conceptually to make clear that there ought to be no artificial barriers set up – or maintained – that deny significant information to an entity that requires it. Access to meaningful information in a form that is useful and responsive to the needs of the analytic community is a key component of the information enterprise, and is absolutely vital to our success.

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(U//FOUO) Perhaps even more important is building a collaborative environment where cooperative analysis becomes the norm, resulting in one intelligence discipline being made stronger by another, and each prompting useful activity by still a third. I will propose to Ambassador Negroponete that every member of the Intelligence Community be given an urgent responsibility to understand his or her role within the larger community, and to carry it out as assigned. While I would want DIA analysts to have access to NGA-generated imagery in order to inform their finished reporting, even more I would want DIA analysts to have access to the NGA expert who is responsible for having collected the information in the first place, has been collecting such information for 30 years, and can provide insights concerning it that would not occur to the non-expert for the next 30 years. We must count on the experts to understand the needs of the IC, and to practice their crafts to further the ends of the Community.

(U//FOUO) I believe the IC has made tremendous progress in building close partnerships between and among intelligence agencies. Some of the collaborative relationships are relatively new; others, however, have functioned effectively and efficiently for years. If confirmed, I would recommend to Ambassador Negroponete that we need to build on our success to make the cooperative relationships permanent in duration and more inclusive in their scope.

(U//FOUO) **Question 4c. Explain the information technology challenges facing the IC and the DNI's authority, through the Chief Information Officer for the IC or otherwise, to ensure that the IC develops an enterprise architecture and maintains information technology systems in a manner that enables and promotes DNI policies and directives on information access. Explain your views on the importance of this authority.**

(U//FOUO) **Answer.** The power of the CIO role in any organization is not necessarily found in the ability to control technology but in the ability to establish and monitor the processes that are powered by technology. One of the IC's key information challenges, as we move forward, will be found in securely integrating our processes across the IC and with our strategic partners for multilevel security information sharing. Enterprise architectures are the best way to manage technology complexity. A robust electronic identity capability as part of this enterprise architecture coupled with data labeling is vital to our ability to manage how we share information.

(U//FOUO) As DIRNSA, I have played both offense and defense in cyberspace. It is an intense battle and one that the nation cannot afford to lose. I stand ready to help Ambassador Negroponete bring the power of technology to bear on the intelligence process and to provide assured information sharing.

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Intelligence Community Acquisition

(U//FOUO) **Question 2¹.** Explain the lessons you have learned as the Director of the National Security Agency (NSA) from the acquisition problems experienced by that Agency in recent years.

(U//FOUO) **Answer.** The past few years have demonstrated to NSA the importance of proper planning for acquisition programs. For proper planning to occur, well-defined requirements and adequate resources in all phases of the acquisition process are necessary. If confirmed, I would recommend to Ambassador Negroponte that we organize and execute our acquisition programs in smaller, more incremental phases with quantifiable deliverables at the completion of each phase. Acquisition programs should also have "gates" or interim decision points when the agency's leadership, program office, and corporate leaders can review the status of the program's performance, in addition to defined exit/entrance criteria for progressing into another phase. Defined exit and entrance criteria for each milestone will validate and ensure progress against the approved planning cycle.

(U//FOUO) At NSA, we also learned that the Government's challenge is to evolve the program's requirements/needs into a clear acquisition program framework and to communicate program needs to industry. For the larger, more complex acquisition programs with many program interdependencies, there will also be development risk. I would suggest to Ambassador Negroponte that more diligence is needed in how we communicate requirements to industry partners and team with them to provide the appropriate solution within cost and schedule.

(U//FOUO) **Question 2a.** What would you do differently now at NSA?

(U//FOUO) **Answer.** In addition to establishing a Senior Acquisition Executive and a Program Executive Officer, here is what is being done differently at NSA. First, when planning programs, NSA structures smaller, more incremental programs designed to meet well-defined requirements. The strategy is to meet NSA's transformational objectives one step at a time, rather than defining the entire program up-front. In addition, NSA is institutionalizing program management disciplines and corporate acquisition processes, developing near-term capabilities for operational deployment, and laying the foundation for the integration of transformation programs to ensure that the Agency's acquisition programs are managed within a sound acquisition process with appropriate accountability. This is an on-going process.

(U//FOUO) **Question 2b.** How will these lessons learned affect your approach to acquisition policy as PDDNI?

(U//FOUO) **Answer.** As PDDNI, it will be even more important to promote effective and streamlined acquisition policy. If confirmed, I would recommend to Ambassador

¹ Numbering reflects that provided by the Congress.

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Negroponete that at all levels of acquisition policy, there must be a healthy balance in the areas of acquisition, finance, and the mission architecture. Solid leadership requires that all stakeholders be made accountable to design acquisition programs and to acquisition strategies that address technical standards and critical capability gaps, while avoiding costly duplication.

(U//FOUO) **Question 2c. Should there be an IC-wide acquisition policy, including a requirement for milestone decisions for all major systems acquisitions by all IC elements? If so, explain your construct for such a policy.**

(U//FOUO) **Answer.** Ambassador Negroponete has not yet decided whether there should be an IC-wide acquisition policy. In the formulation of any DNI acquisition policy, the DNI will need to work closely with the elements of the IC, particularly DoD and the Under Secretary of Defense for Acquisition, Technology, and Logistics. If confirmed, I would recommend to Ambassador Negroponete that he provide guidance and policies needed to ensure that the IC shares common goals and objectives. With a common set of standards, consistent reviews can occur across the IC and such reviews would satisfy Congress' desire for effective IC acquisition oversight. Furthermore, I would suggest to Ambassador Negroponete that any acquisition policy should be streamlined and flexible in order to permit timely delivery of needed intelligence products to the warfighter and national customers.

(U//FOUO) **Question 3. If disputes arise between the DNI and the heads of the IC elements, or the heads of concerned departments and agencies, how would you advise the DNI regarding his ability to terminate or reduce funding for a program funded solely in the National Intelligence Program (NIP)?**

(U//FOUO) **Answer.** I would advise Ambassador Negroponete that, while the DNI has authority to terminate or reduce funding for programs solely funded in the NIP, the DNI develops and determines the NIP with the input of IC elements and the heads of their departments. I would recommend to Ambassador Negroponete that he should consult with the IC elements and heads of departments to fully understand the reasons for a difference of opinion, to weigh the value of the program against the highest priority intelligence requirements, and to make a decision that best serves the nation. That said, I would remind the Ambassador that the final decision is his. If asked, I also would provide my professional judgment to Ambassador Negroponete on such an issue.

(U//FOUO) **Question 4. If disputes arise between the DNI and the Secretary of Defense, how would you advise the DNI regarding his authority to participate in milestone decisions of major system acquisitions funded in whole, or in part, in the NIP?**

(U//FOUO) **Answer.** The National Security Intelligence Reform Act provides the DNI with sole Milestone Decision Authority (MDA) over non-Defense major systems funded solely in the NIP. For acquisitions over which the DNI has sole authority, the DNI can prevent the acquisition from proceeding through milestone decision. For major systems

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that are DoD programs and funded solely in the NIP, DNI shares MDA jointly with the SECDEF. If DNI and SECDEF cannot reach agreement on milestone decisions for DoD programs, the President decides. Although the DNI does not have MDA for major acquisition systems funded outside of the NIP, the Act gives the DNI the authority to participate in the SECDEF's development of the annual JMIP and TIARA budgets. If confirmed, I would recommend to the DNI that he and the SECDEF jointly plan and consult on various budgets in order to minimize the potential for disagreement and that the DNI fully use the authorities given to him by law.

(U//FOUO) Question 5. Does the DNI have the authority to prevent an IC element from using alternate budget accounts (e.g. JMIP, TIARA, or otherwise) to fund projects that the DNI has rejected for inclusion in the NIP? As PDDNI, how would you advise the DNI to resolve these issues?

(U//FOUO) Answer. The DNI does not have the direct authority to prevent an IC element from using alternative budget accounts to fund a project that was rejected for inclusion in the NIP. The DNI, however, does have the authority to review the budgets for JMIP and TIARA and to provide advisory guidance. If an issue arose, my advice to Ambassador Negroponete would be based on why the project was not included in the NIP. If resource constraints prevented the DNI from funding the project in the NIP, yet the project could provide a valuable Departmental intelligence contribution to the affected Department, I would encourage Ambassador Negroponete to support alternative funding or have the funding moved to the NIP. If the project had limited intelligence value, however, I would advise Ambassador Negroponete to consult with the Department and possibly the Joint Intelligence Community Council to resolve the issue. Ultimately, if the conflict cannot be resolved, the DNI has the authority to bring the issue to OMB or the President.

(U//FOUO) Question 6. With respect to acquisitions of major systems that are “split funded” (i.e., a portion funded in the NIP and a portion funded in JMIP, TIARA, or another budget), does the DNI have the authority, notwithstanding the objections of the heads of IC elements or the heads of concerned departments and agencies, to terminate such programs or stop such a program from proceeding through a milestone? As PDDNI, how would you advise the DNI if disputes arise regarding these types of programs?

(U//FOUO) Answer. The law provides the DNI with MDA only for acquisitions funded solely in the NIP. Where DoD programs are concerned, the DNI has MDA jointly with the SECDEF. Thus, the DNI does not have the authority to unilaterally terminate or otherwise affect programs partially funded in the JMIP or TIARA. If the DNI and SECDEF cannot agree regarding DoD programs, the President decides. Because the law directs the DNI and SECDEF to work together on developing the NIP, JMIP, and TIARA budgets, if confirmed I would help Ambassador Negroponete ensure that processes are put into place to facilitate decisions and also minimize the number of disputes.

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

APR 12 2005 1 57 PM '05

April 12, 2005

The Honorable Pat Roberts
Chairman
Select Committee on Intelligence
United States Senate
Washington, DC 20510-6475

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Michael V. Hayden, who has been nominated by President Bush for the position of Principal Deputy Director, Office of National Intelligence.

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.¹

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Marilyn L. Glynn".

Marilyn L. Glynn
Acting Director

Enclosure

¹ Because no Designated Agency Ethics Official (DAEO) has been appointed at the Office of the Director of National Security as of the date of this letter, the DAEO of the Central Intelligence Agency will serve as the ethics official for purposes of this review.

SE 776 (Rev. 01/01/00)
 5 C.F.R. Part 2634
 U.S. Office of Government Ethics
 Reporting Individual's Name
 Hayden, Michael V.

Page Number
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SCHEDULE A

Income: One and account. If "None (or less than \$200)" is checked, no other entry is needed in Block C for that item.

Assets and Income BLOCK A	Valuation of Assets at close of reporting period BLOCK B										BLOCK C														
	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	Over \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	None (or less than \$200)	\$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	Over \$5,000,000			
													Dividend	Rent and Royalties	Interest	Capital Gains	None (or less than \$200)							Other Income (Specify Type & Amount)	Date (Mo., Day, Yr.)
1 Pentagon Federal Credit Union Savings Account	X																								
2 Pentagon Federal Credit Union IRA (1) Cash Holding	X																								
3 Pentagon Federal Credit Union IRA (2) Cash Holding	X																								
4 Pentagon Federal Credit Union 1 year Certificate of Deposit	X																								
5 USAA ROTH IRA - Cash holding	X																								
6 USAA Growth & Income Fund																									
House, Burke, VA																									

For yourself, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value of more than \$200 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 any honoraria over \$200 of your spouse.

None

Examples: Central Airlines Common; Doc, Janet & Smith, Homebody, Sale; Karpington Equity Fund; USA-Hazardous 500 Index Fund

This category applies only if the asset/income is solely 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 Edition Cannot be Used.

SF 774 (Rev. 03/2007)
 S.C.F.R. Part 26.34
 U.S. Office of Government Ethics
 Reporting Individual's Name

Hayden, Michael V

Page Number

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SCHEDULE C

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. Excludes a mortgage on your personal residence unless it is rented out, taxes secured by automobiles, household furniture or appliances, and liabilities owed to certain relatives listed in paragraph 1. See instructions for revolving charge accounts.

personal residence unless it is rented out, taxes secured by automobiles, household furniture or appliances, and liabilities owed to certain relatives listed in paragraph 1. See instructions for revolving charge accounts.

Example:	Creditor (Name and Address):	Type of Liability	Date Incurred	Interest Rate	Term if Repayable	Category of Amount or Value (a)
1	First District Bank, Washington, DC 1000 Pennsylvania Ave. Washington, DC	Mortgage on rental property, Delaware	1997	8%	30 yrs	\$10,000.01 - \$50,000.00
2	Washington Mutual, Dallas TX	Mortgage on rental property, Virginia	1998	8.5%	30 yrs	\$50,000.01 - \$100,000.00
3						\$100,000.01 - \$250,000.00
4						\$250,000.01 - \$500,000.00
5						\$500,000.01 - \$1,000,000.00
						\$1,000,000.01 - \$5,000,000.00
						\$5,000,000.01 - \$25,000,000.00
						\$25,000,000.01 - \$50,000,000.00
						\$50,000,000.01 - \$100,000,000.00
						\$100,000,000.01 - \$500,000,000.00
						\$500,000,000.01 - \$1,000,000,000.00

* 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 highest 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) lease.

of absence and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

Example:	State and Term of Any Agreements or Arrangements	Benefit	Date
1	Partnership agreement with terms ending on 12/31/2010	Profit	7/15
2			
3			
4			
5			
6			

SF 278 (Rev. 03/2000)
 U.S. Office of Government Ethics
 Reporting Individual's Name

Hayden, Michael V.

SCHEDULE D		Page Number
		4
<p>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 wages or salaries, director, partner, general partner, proprietor, representative, employee or consultant. Do not include any positions held in the U.S. Government, any political party, national, state, or local government, or any other entity, organization, firm, partnership, or sole proprietorship, or any other non-profit organization, which you directly received for services rendered as a source of more than \$5,000. You need not report the U.S. Government as a source if you are a Presidential Candidate or Vice Presidential Candidate.</p>		
Examples	<p>1. Not a U.S. Government position Doe, John & Smith, Romeoville, State</p> <p>2. Not a U.S. Government position Law Firm</p>	<p>None To (Date, Yr) From (Date, Yr) 7/85 7/00</p>
1		
2		
3		
4		
5		
6		
<p>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 or indirectly in any one year of the reporting period. This includes the names of business and companies of any corporation, firm, partnership, or sole proprietorship, or any other non-profit organization which you directly received for services rendered as a source of more than \$5,000. You need not report the U.S. Government as a source if you are a Presidential Candidate or Vice Presidential Candidate.</p>		
Examples	<p>1. Not a U.S. Government position Doe, John & Smith, Romeoville, State</p> <p>2. Not a U.S. Government position Law Firm</p>	<p>None To (Date, Yr) From (Date, Yr) 7/85 7/00</p>
1		
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