



**Media Roundtable with Mr. Mike McConnell
Director of National Intelligence**

**ODNI Headquarters
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DIRECTOR MIKE McCONNELL: Thank you all for being here. It's a pleasure. I look forward to the exchange. I think we've got an hour set aside. If we need a minute or two on the other side we'll try to accommodate that. Let me start by saying, when I got a call to – asked to consider this nomination, I wasn't sure it was the right thing for me personally, because I was enjoying another part of my life, but I also wasn't sure it was the right thing – we'd made the right decision.

Now, I'm a product of the community. I knew a reasonable amount about it. We tried to correct some mistakes that we had made – lack of change of – in response to new threats and new situation. And I just wasn't sure. But having grown up on the military side and been up intel, professional, the President of the United States ask you, you – normal response is, yes, sir, how can I help?

So anyway, I did it. I've been doing this now for almost two years. I think I started the announcement process and confirmation a little over a year ago. Where I've come on the process is, this was about the right thing to do for the nation. And I'm going to explain that to you with my perspective. Now, I know many of you sat, I think yesterday or the day before, with Mike Hayden. And that's kind of the fun part. That's kind of the operational, covert action, what are you doing – more the action arm. And this is dull stuff. I mean, if you're looking for excitement today, we may have to wake a few of you up along the way, because –

QUESTION: You're really trying to make headlines, aren't you?

(Laughter.)

DIRECTOR McCONNELL: Well, it's – it's hard. And it is going – I mean, I'm going to ask you to write about some things that were hard to do, that we got done, but quite frankly, your readers aren't going to be a whole lot interested, I would guess – I mean, you'll have to make that judgment.

But the way I want to frame it is, bureaucracies have cultures, and bureaucracies take, they have a personality and norms of behavior and expectation, and there's another consideration of a bureaucracy. It will defend itself or – and sometimes even redefine reality in its own self interest

to resist change. Now, why do I frame it this way and why would I say that? Well, remember, I was a product of the United States Navy. I was in it for almost 30 years. I got a chance to go to War College and I was doing a project and I was looking for something to do and I got interested in change. And I spent all the time thinking about it, and I sort of made it a hobby to look back in time about what the stimulus might have been or how change occurred, and so on.

And what I found about my beloved Navy is that it hadn't changed very much at all except from outside stimulus. Remember in the '30s, and going into World War II, it was a battleship navy. And Pearl Harbor sort of changed the view, from the Navy perspective, of modern warfare at that time. And there are lots of other stories. So at a relatively young age, I said, you know, bureaucracies just resist change. They will do anything to keep from having to accept change – there's a little story that goes around, again, my beloved Navy. A three star was sitting on the transformation panel when the new administration came in, and we're going to transform ourselves, and he said, you know, this transformation is really great as long as you don't have to change anything.

So what I'm framing here for you is, somebody had to work the boundaries. Somebody had to work the community. Somebody had to take on the issues of integration – that's not a very exciting topic. Collaboration, culture – and so those are the kind of the things that we've been focused on here. More of a policy, oversight, budget, joint activity – how do you create a culture across a community where people are willing to leave a parent organization where they have been trained from the day they went to it, that if they leave it, they're disadvantaged. Well, there's an example of how that worked in the past, and it was called Goldwater-Nichols. The Goldwater-Nichols Bill, 1986, literally changed the Department of Defense in a very short period of time. It changed the incentives for promotion, it changed the rules for how you might be promoted, it said you had to get engaged in joint warfare.

So all those rules were set in a way that the Secretary of Defense had absolute control of the Department of Defense, whether it was acquisition or recruitment or personnel policy or warfare – whatever it was. Well, the United States of America has been wrestling since 1946 with whether we should have a department of intelligence or not. And every time we've examined that question, we have determined, we're not going to have a department of intelligence.

We're going to have someone who's responsible for coordinating activities, but we need intelligence professionals embedded in and aligned with people who do important missions. I know most about the Navy because that's where I grew up, but you could make that case about the Army, you could make that case about the department of State or Treasury or whatever. You need people that know a lot about the mission and the function and the personalities and so on.

So when the Intelligence Reform and Terrorist Prevention Act was passed in December 2004, after a long series of debates you all are familiar with, you know the studies that were done, 9/11 studies, the WMD study and all that sort of thing, and it influenced the process. The decision was taken as, we're going to ask someone to lead this community, Cabinet rank but not a Cabinet officer. The organizations are all embedded in departments.

There are six departments, 16 agencies. And the only one that there was more a direct relationship with was CIA. And so that was the task. Now, I'll give you an example of some hard things to do. The document that governs the community about, what are your authorities and how you do it and what are the rules and how does it fit together is the Executive Order 12333. The last time it was signed before the current version, it was signed by President Reagan in 1981. And it's designed to be about a 30-year document.

So the world changed a little bit since 1981. The Cold War is over, we had 9/11, we had a DNI, we had the Department of Homeland Security, they had an intelligence function, we had NCTC, so you had all these new things. So you'd think you'd have a table like this and you'd get the leaders in, you'd say, ladies and gentlemen, our chartering document's outdated, let's update it. And we did have that discussion. Everybody said, yeah. A year later, we're still arguing about it, because now I'm losing authority, I'm losing control, I've lost a prerogative. So this was very, very difficult to do. It took us a year.

Let me use another example. You all have reported on, tracked, followed a Terrorist Surveillance Program that claims and counterclaims and so on. Now, having had the privilege to serve as the Director of the National Security Agency for four years back in a previous life, I knew a little bit about FISA, Foreign Intelligence Surveillance Act.

So as I'm coming in to be considered for the nomination, this is a big and emotive issue. And so my thought was, we need to update legislation in a way that captures the changes in the world and the changes in technology so we can do a very important mission, and we have to do that consistent with law, and the law should say that we respect the privacy and civil liberties of Americans. Fairly easy thing to say; took over two-and-a-half years. And you all followed that battle. I mean, we – it was claim and counterclaim and so on.

Let me just give you bottom lines on what that bill did. That bill allowed us to collect on foreigners in a foreign country, communicating with another foreigner, without a warrant, regardless of where or how we intercept it. Why was that important? Because so much of the world's communication flows through the United States. So if we were going to be agile and we're targeting foreigners, the way the law had been written in 1978 said, if it came off a wire in the United States, you had to have a warrant. But it didn't say why you can intercept foreign communications overseas without warrants, but we were captured by the language in the bills. So it was a fairly straightforward change. So we went up to try to get that changed.

Second thing: warranted protection for a U.S. person anywhere on the globe, period. No ifs, no ands, no buts. Warranted protection. The only reason this community could target a U.S. person is for a foreign-intelligence purpose, and if it's a U.S. person, you must have a warrant, period. And the last part you all followed and reported on, it's – because of the way communications have changed in the past, I started to say 30, but actually about 15 years, it's one globalized net and you can't do this mission without participation by the private sector. So if they're going to participate, there has to be some level of protection, liability protection for them. That's basically what that bill did. I haven't seen any of you report on the fact that the good news of that bill is that a U.S. person is protected by warrants anywhere on the globe.

So what does a DNI do? A DNI wakes up every day worrying about the community, willing to take on some of these issues of cross-boundary activities and work them with a persistence and an aggressiveness that forces closure. And I think there have been a lot of things that we've been able to accomplish. I mentioned FISA, I mentioned the Executive Order 12333. It took us two years to get agreement to have joint duty. If you are familiar with the Department of Defense, if you aspire to be an Admiral or a General in the U.S. Army, Navy, Air Force, Marine Corps, you cannot be one selected for Admiral or General unless you have joint certification.

So we said, that's a good model, we should do it for this community, so if you're a member of CIA or NSA or wherever, if you aspire to senior rank, you must leave your parent organization to get some joint qualifications so you learn something about the rest of the community. Two-year dialogue to get that closure. Ambassador Negroponte started it, handed it off to me.

I felt very strongly about it so we worked that issue to get it to closure. I would say the personalities that were chosen to head the various organizations about the time I was privileged to come back. With Secretary Gates at Defense and Mike Hayden at CIA and Jim Clapper in the Undersecretary of Defense position and Keith Alexander out at NGA, Bob Murrett – Keith Alexander out at NSA and Bob Murrett at NGA. That set of players knew each other well. We understood – we'd had the benefit of understanding Goldwater-Nichols and how it changed and what the positive attributes were.

So were determined to work it together as a team. Now, it didn't mean we didn't disagree and we often had a different point of view or a different emphasis, but we agreed that it was important and we would keep working it to find common ground. So I would say net-net after two years of doing this, it had to be done. Somebody has to worry about it and there's so many things that cross 16 different agencies that will not be addressed unless somebody – one has a level of authority and influence to make it happen and two, is committed to spending the time and the energy and the resources to force the dialogue and force closure.

So as you think about this report on it and look back on it, I would hope you would capture some of the more positive things that were hard to do, not very exciting, quite frankly. I mean, joint duty, who cares about that? Well, the community cares about it and ultimately, the nation will benefit from it. So my metric, always, has been good government and does it make us a better community. My view is we have never been stronger, more capable, more collaborative than we are today.

Are we perfect? No. Are there many things we can do yet? Yes. When we went through the Executive Order 12333 process and it was painful to get to closure, as I mentioned, we discovered there are a dozen or so – 14, 15 other very difficult things that we have to get done. One of them you all talked about – you've all reported on. It's called information sharing and we've been debating since last summer on what are the rules for information sharing?

And what we were able to do was to marry up to technology for how you store and tag and retrieve with a set of policies that say it's a good thing to force information sharing, remembering when you all write about it and when the Congress talks about it and we have people talking about it on television, it's all they must share. They must share. Well, there's

another part in that legislation. It says oh yeah, Mr. DNI, you're responsible for protecting sources and methods. So the constant tension and the constant balance in there is sharing it as much as absolutely possible.

You want to share information as far back from the finished product as you can go. But as you go back from the finished product, you get into some very serious questions. As an example, in a studies collection, has it been minimized and would you allow non-SIGINTer to look at information that had not been appropriately minimized, if it happened to be just collected and wrong, as an example. Another, HUMINT source. If you compromise a HUMINT source by having information – you all talk about information that provides a nuance of insight, a name, you probably lose a source because he would be compromised and killed if he were of great value to us and if he were providing information that would be considered detrimental by foreign nations.

So there's always this balancing act. We think we've got closure. We haven't gotten closure – I haven't signed it in. It's going to be signed out in the next day or two and it's the policy to hope that we would never repeat another 9/11. I believe we failed the nation at 9/11 because there was sufficient information in the system that had it been properly recognized, shared, and considered, we probably would have reacted in a different way. Well, that was a very painful lesson, as you all know and the changes that have been made – the way we share the information, the way we respond to it and the way we follow it up.

In the context of terrorism, or terrorists, I have very high confidence that we would – that we are much better than we were. But then you ask the next question. Well, what about a Weapon of Mass Destruction, proliferation, or what about – and then you have another set of information setting and collaboration and cross-talk issues. And so that's the – those are the kinds of things that DNI wakes up every day. It starts pretty early, as you all are aware because you're also the principal advisor to the President for intelligence. So you've got to spend a lot of time on substance. But then it's community, community, community.

So I think I'll just stop there and invite you all to – how would you like to do it? Just ask questions? Me recognize? Or go one at a time? Or what's the – who's the dean? Walter, are you the dean of this group?

(Laughter.)

QUESTION: But I never ask questions.

(Laughter.)

DIRECTOR McCONNELL: Well, you set the rules and we'll go there.

QUESTION: Can you tell us more about this policy? What is it that's going to get signed out in the next couple of–

DIRECTOR McCONNELL: Information sharing.

QUESTION: And what is the body of it? I mean –

DIRECTOR McCONNELL: It'll be.

QUESTION: I think you say something like information sharing and everybody's eyes glaze over and everybody should share information. What makes this special and different and will it actually change things?

DIRECTOR McCONNELL: Okay, good. It's – the document – in the old days, when we had a DCI – Director of Central Intelligence, we called them DCIDs. So one of the things I wanted to do when I came in – I said every DCID. I want to supersede it before I leave. You know, that's a big challenge and we didn't make it. They are now called ICDs, Intelligence Community directive. So the most important thing was Executive Order 12333. That defines my authority. Quick review – what's supreme? Constitution. What's next? Statute? What's next? Executive Order.

So we've got to our business consistent with the constitution and statute. And once statutes passed, it's never complete so the President will do an Executive Order and flesh it out. When we got 12333 signed, it gave me lots of authority and responsibility. So if you ask any of you or anybody on the Hill or any American, should those intel guys be sharing information? Absolutely. All right, now, start the process. How do you define it? What's the policy? When you say information, what are you talking about?

Is information finished product? Is information raw SIGINT? Raw SIGINT – signals intelligence. Does that mean you have captured a signal that's multiplexed – that is, encrypted. Should I share that? And if I share it, how is it useful? So those are the kinds of questions you have to work your way through. When you share – how far back to raw? And think of it as a continuum.

QUESTION: Then how far back to raw?

DIRECTOR McCONNELL: And that's the debate and we are going –

QUESTION: But you're going to sign it out tomorrow so I presume that your debate's done.

DIRECTOR McCONNELL: Well, there will always be debate. We have worked it – it'll be stair steps, incremental and for the process to work, if it's finished product, no question. We've got agreement on that. If it's sort of next layer, there's a couple of exceptions. When you get all the way back to the identity of the spy who's giving us the most important information, we're not going to share that.

Let me frame it a different way. We set as an objective to digitize everything we collect. Everything that's collected is digitized. Everything that's collected is tagged. So you all would – like Google. They tag information, you want to know about it and you can search it quickly. We've made a policy decision, everything digitized, everything tagged, most everything

discoverable. So an analyst who's working a project can go into the database and discover that there's information. Now, some of that information will have a caveat on it called ORCON – originator control.

So then the question is, what's the access of this analyst who's asking the – asking for the information. So we'll have role-based attributes. So there's some mechanical function which would say do you even have access to it? Now, here's the secret sauce that didn't exist before. We've always had disputes in the community that there's information there, somebody knows about it and they can't get access. The DNI has set up himself as the adjudicator. So we've got adjudication functions in the agencies. We've got an adjudication overview.

And the big news that we discovered is about 95, 6, 7, 8 percent of these disputes are resolved instantly at the GS-14 level because we have a process. And the hard ones will bubble up to me and then I'll have to make some judgment and the judgment will be, if I direct sharing of this, am I potentially compromising the source that would significantly outweigh the value of sharing it? And that's a judgment call you have to make.

QUESTION: And how does that change what's currently been going on? What has happened to those two or 3 percent that haven't been – (inaudible) – GS-14 prior to this policy being –

DIRECTOR McCONNELL: They would come to me for a decision. But now, there are several things moving at once here. One, you had to get the policy. We've settled on that. Two, there's a technology application and what we're doing is starting to tie databases for the big six and eventually all in the community together in a way. So think Google – a lot of data in Google. We are at a place now where we can go quicker and faster in Google across the community. So you have to have the rule sets in there for how that might work.

And so we're very pleased and optimistic that we will discover information that we never discovered before. We'll find correlations and be able to cross-cue in ways that we've never done that before.

QUESTION: Do you have any sense of how much more information is available to the average analyst? Is it a 50 percent increase or a 90 percent increase?

DIRECTOR McCONNELL: If I gave you an answer, I'd be guessing. I'd rather not give you an answer, but I would say it will be staggering. Think about it this way. If you connect the databases of the big six – if I say big six, just in case you're not picking up on that, FBI, NSA, NGA, DIA, CIA, and NRO. Now, they're the ones that have the biggest databases and spend the most money on maintaining it and that sort of thing.

So if we can just tie that together, just think of the potential acceleration of an analyst's mission or job who's trying to put together some complex puzzle. If he can touch it all at the speed of light. So that's the huge difference. So it's not a matter of sharing finished product. We've kind of got those rules sorted out. It's being able to touch the raw stuff and gain insights and understanding. And you're always going to run into something that's restricted.

So we had to figure out a way to – how do you resolve that quickly? The pleasant surprise is that we are resolving it – most of them – very quickly at a junior level because it is just a matter of understanding. But we now have a policy to resolve the most serious ones if it comes to that. And so it's working out – we're pretty optimistic about it.

QUESTION: If you were to leave a note for your successor in his desk to find, what advice do you give him? What's the lessons, you'd say, about how you run this organization that's herding these 16 cats?

DIRECTOR McCONNELL: Persistence, priorities and determination. The first thing I'd do is – like anything in life, you've got lots of things – there's many things out there, so you've got to prioritize in some way. I had my priority list. I chose to capture it a couple of ways. I wasn't sure in the beginning how it would work inside government, so I did a 100 Day Plan. That forced me and those that were helping me to think through in a discipline way what are the main issues and sort of crystallize our vision and our need. So it worked – and we were surprised it worked so well. So we said how much time we got left – it was 530 days as I remember. We said all right, we're going to have a 500 Day Plan and we had a countdown. We were working through the process to address issues.

And what I found is you have to have assistance and help and the support of the White House because only the White House is going to give direction to Cabinet officers. And if you – when you get to the point when you can't resolve it, you've got have some adjudication help – somebody's got to work that issue. And so if you stay determined and if you work at a senior level and you get – you involve someone that's always – you can appeal to, you can work through this process. So I guess that's how I would – if I left a note – I don't have to leave a note. The guy who's going to replace me is – we were selected on the same flag board together 20 years ago in the same command. So he's been a friend and a colleague for over 20 years, so we've had – we're having a very active dialogue and I'm sharing with him my views and he's taking notes.

QUESTION: How would say this office has evolved in terms of – there's been criticism that it's gotten too unwieldy, too big – another bureaucracy – layer of bureaucracy added on.

DIRECTOR McCONNELL: Let me give you the numbers and tell you how I think about this and maybe it will be helpful to you. When I – the first meeting when I was considering this job, the question was, what are you going to do about that bloated bureaucracy? So it is common – let me say – it is common perception that this thing got way out of hand. Okay. I thought about. I said what is the core staff of ODNI to do its many functions – run a budget, run a general counsel, run a policy shop, run a collection shops, guide all analysis, produce the PDB and worry about future acquisition. He's talking about a pretty robust organization. It's less than 650 people – less than 650 people.

Now, what's the number you're going to pick up out there in the press? Somewhere around 1500. Well, wait a minute, what's the delta? There are things that have been created in statute of policy – next door, NCTC – created by law. It's – I don't know the exact number, somewhere in the neighborhood of 500 people are counted on my numbers. So the way I started to think

about this, I said, you know, we ought to treat ODNI the way we do the Joint Staff. The Joint Staff in the Pentagon is limited, by law – I think it's 1270 people. Now, that doesn't mean they can't get more people to work a problem. I was a J-2 during Desert Shield/Desert Storm. I had about 50 people on my staff when we started. By the time the Desert Storm part started, I had about a thousand. They augmented, we wrote – we were more robust, we did a lot of work, the war was over and they all went back to their parent command.

So I'm – I've made a commitment that we're capped at 650. And so NCTC in law, NCPC – was in the WMD Commission, which the President agreed. That's on my staff. They have a set of numbers. The National Counterintelligence Executive – that's on my – so we've designated all those organizations – we call them MSAs – Mission Support Activities. So they're not on my staff. I mean, they do functions – they will expand or contract based on the mission. If terrorism got more serious and more complex, they'll probably add a few more people to NCTC. But I shouldn't be in the position of saying because NCTC has to grow for a legitimate mission reason, why do I get hammered with the bloated hammer? So we said to the White House and to the Congress, here's the construct. We are less than a half a percent of the community in people and budget at 650 – people and budget. Well, if you go out in industry and look at, you know, a large corporation where they run businesses this way, they are a bigger percentage than we are.

Now, these other things that do functions, they report to me in the context of one of the 16 agencies because they were designed in some way – law, policy, whatever it was – and they have a function and they run a mission and I'm their boss. But they're not a part of the core staff.

QUESTION: So this 650 is just a permanent party of the DNI – not anybody's undetached duty or coming from other agencies.

DIRECTOR McCONNELL: That's correct. And then we count everybody in it and what I would like to do is to keep about half of that detailed from the outside – meaning rotational – and about half of it is professional, meaning they're core staff.

QUESTION: And if you get a magic wand waved at you, what would you want the most that you haven't gotten?

DIRECTOR McCONNELL: More maturity on cyber security. We've got a good program, we've got funding, we've got the attention of the Congress, we've got the attention of the current administration, we've got the attention of the incoming administration. But cyber security is the soft underbelly of this country. And of all the goodness that was introduced by the internet, one global net – all the things that you enjoy in terms of speed and access and just-in-time delivery and increased productivity – all those good things – it also introduces a level of vulnerability that's unprecedented. And so if you can – and I want to separate – many of you will go right to the Chinese stealing data. And that's not what I'm talking about. I want to separate exploitation of information – competitive advantage for whatever reason – from destruction of data. If you get in our systems and you're trying to destroy banking records or electric power distribution or transportation, it could have a debilitating effect on the country.

So my regret would be we introduced this idea about 18, 20 months ago. It got some pretty quick traction and it's been a very slow – as any democracy – a slow process to work our way through it. And I would like to be further down that road but we've got a good vector and we're going the right direction.

QUESTION: Tom Finger, at a similar session like this a couple of weeks back defended the 2007 Iran NIE. He said he stood by its conclusions. You have spoken in public several times and suggested that you were sorry that it was put forward the way that it was. Do you stand by the conclusions of that NIE?

DIRECTOR McCONNELL: Oh, conclusions, yes. Yeah – here's the mistake we made: I came in thinking that we are better served by keeping our NIEs classified, not having unclassified key judgments. And if you'll recall, just before I came in and just after I came in, the big debate about the Iraq War – President wanted a surge and others wanted to start getting out. So the Congress put in legislation that we would write an NIE and we must produce unclassified key judgments.

Now I think that's not a wise policy and there are lots of reasons for that. But as it turned out, we had the Iraq NIE – I think it was fall of 2007 – and we had an update and we got to the summer and we had another. So expectation was, you guys do an NIE, where are the unclassified key judgments? This is good stuff, we want to see it. Well, my issue with that is now I've – it becomes an issue internally to the community about how you write it and speaking truth to power and discipline and so on.

So I made my case for no unclassified key judgments. Now, here's where I made a mistake – it was my mistake. I should have been smarter. If you write an NIE with no expectation of unclassified key judgments, you would write the key judgments for an informed audience – people who already knew the background, the issues and so on. And we didn't do it that way. We wrote it so if you read the full body, which is not unclassified, that you didn't read – you can figure it out. But it wasn't comprehensive to present context and the full problem. So when we showed it to the President, I said, Mr. President, I've been working on this, we've got new information that caused us to change our view. And when he read it, he said, Mike, this is not consistent with my public statements. And I said, yes, sir, I understand. Nor is it consistent with my public statements.

And he said, we have no choice – we have to release this at the unclassified level. Now I'm trapped. The reason is, I can't change those unclassified – I can't change those key judgments the way they were constructed because now if I change them, I'm manipulating something. The accusations would go on forever. So we were in a position where we had to release it. Now, what should it have said?

If I had known upfront I was going to have to do unclassified key judgments, I would have introduced it by saying there are three basic components to a nuclear weapons program. The first is fissile material, the second is warhead construction and the third is the delivery system. What we didn't highlight in our key judgments is fissile material processing is continuing and delivery systems are continuing to be built. What we captured at a point in time is that the

Iranians cancelled the technical design of an implosion warhead. And that's what we're reporting in a technical way to a sophisticated audience and we were trapped. So the lesson learned – even though our intent is no unclassified key judgments, when we write those key judgments, it's – it has context and depth so that if they happen to be unclassified for whatever reason, we would not be misleading. I can't tell you how many times I have read – and things you all write – that the 2007 NIE said the Iranians cancelled their nuclear weapons program. That's not what it said. It said the Iranians halted the design of an implosion warhead – that's what it said. All those other things continue. And as the IAEA has just verified, it's continuing in the current time frame in a pretty robust way.

QUESTION: Do you believe the Iranians have restarted the warhead design program?

DIRECTOR McCONNELL: I don't know. If you ask me a different question – do I believe they intend to have nuclear weapons, I believe that. But I have no evidence that I can show absolutely that's the case.

So my job is to give my opinion, but I can't state as a fact anything that I can't prove. So think of it as separating the evidence from the assessment. So we are very focused on what is the evidence and think of it as a court trial. What is the evidence? Now, I can think whatever I need or want or whatever. We debate a lot about that part. What's the evidence? I don't have any evidence they've restarted.

QUESTION: I have one other question, if I may. What does Zulu mean?

DIRECTOR McCONNELL: Zulu is Zulu time.

QUESTION: Greenwich Mean Time?

DIRECTOR McCONNELL: Greenwich Mean Time.

QUESTION: And why do you have Tehran and Tel Aviv next to each other on your clock?

DIRECTOR McCONNELL: Tehran and Tel Aviv.

QUESTION: Yeah. You just missed it.

DIRECTOR McCONNELL: It's places of interest. (Laughter.) Notice that D.C. stays the same. It used to drive me crazy because I never keep up so I made Washington stay the same, relative to everything else. So you should see Tokyo or Beijing.

QUESTION: And why is Greenwich Mean Time called Zulu?

DIRECTOR McCONNELL: When you start and go around the world, with time zones, the Brits set up this system for time and Greenwich Mean was Zulu and then everything goes from there – next is Alpha and the Bravo and so on.

QUESTION: (Chuckles.) Thank you very much.

QUESTION: Just to follow up a little bit and then I'll go – the issue of the – making public the NIEs. I mean why shouldn't we have the right to know of the fact that you have concluded – the Iranians had in fact abandoned that part of their nuclear weapons design program. That strikes me, although I understand the context of them continuing to make fissile material as extremely interesting.

Nonetheless, as a person following foreign policy and wanting the public to be informed, it also strikes me as useful information to know that they stopped that part of that program and under your – I mean, under your framework, we wouldn't have the right to know that. Or would we? Or is there some other way we could find that out?

DIRECTOR McCONNELL: We are a very capable intelligence system operating secret sources and methods, trying to divine insights and understanding in a democracy. And that's the tension. We get paid to steal secrets and penetrate targets and so on. And every time you write about them in any fashion, we risk losing some of that capability. So that's the tension. If you look at intelligence capabilities in any nation but this one, they don't do this. They don't have unclassified key judgments or anything.

I think in England, we just had the first press discussion from MI5 in their history. They don't have a PAO, is an example, a Public Affairs Officer. So that's the tension, and it's making a judgment about preserving the ability to inform the President and the Congress and those who are cleared for the information, representatives of the people, to make those judgments because if you make too much of it known, you're going to lose your sources and methods.

QUESTION: Yeah. On the other hand, some of this stuff benefits from being tested in a broader arena and in this case, it strikes me that that particular element of the story was a key element to informing the public about a foreign policy debate you know, on war and peace and all that stuff. So how does this information – and moreover, in this particular case, you obviously felt that this information about the ceasing of that – design program – or design or construction program was sufficiently – the sourcing was sufficiently covered so that you could make it public because it was too –

DIRECTOR McCONNELL: No, no – one issue on that was the President has to be factually correct if he makes a statement – and because that information had caused us to have new insights that we didn't understand before. And so it put that information at risk, but a judgment was made that the fact of the public record had to be accurate. Now –

QUESTION: – then how do we find it out, it strikes me that that information is material to us –

DIRECTOR McCONNELL: That's your dilemma and this is my dilemma. (Laughter.) I have to work, I have to run and be responsible for a community that penetrates the most closely-held secrets of people who potentially wish to do us harm. I have to go inside their systems, recruit their citizens or penetrate their communication systems or take pictures that they don't understand that we're taking – all that stuff, and so my problem is, the more you tell somebody

in Iowa about it, the more the other side knows, and they can take that away from us. Now, did the American public have a right to know that the United States of America was reading German high commands or orders in World War Two?

QUESTION: Not in the middle of the war, no.

DIRECTOR McCONNELL: Say it again?

QUESTION: I said, not in the middle of the war –

DIRECTOR McCONNELL: Okay, why?

QUESTION: What? Because it would have compromised sources of intelligence.

DIRECTOR McCONNELL: We would have lost if just like that. Now, I know a little bit of –

QUESTION: This strikes me as different.

DIRECTOR McCONNELL: Well, I would argue it's pretty similar. Now, I know a little bit about enigmas, it's called Enigma, and it's a rotor system, and all they had to do – because it was, from the German point of view it was impenetrable. All they had to do to take it foist from us is just rotate the rotor and add one more. And then we would have been – because it was too hard. So that's the dilemma that we, those of us in this democracy, in the way that we engage, that's why we have oversight committees, that's why people are supposed to look at what we do and make sure we got the checks and balances and so on, and my argument is, if we as a community start to write our products in a way that they're going to be on the front page of your paper or your magazine or whatever, it changes the dynamic. We're supposed to be focused on ground truth and not driven by policy or politics. It's ground truth as best we can find it out. And that's the trade we have to make.

QUESTION: Okay. And one other thing, which is, you had talked about this information-sharing protocols and your new information-sharing system, and I was just kind of wondering. I remember thinking back to the Colin Powell speech to the United Nations where he talked about the mobile biological weapons labs and the four sources that had asserted their existence. And learning later that one of the sources was the notorious Curveball who hadn't even been vetted directly by the Americans and another of the sources was somebody who a burn notice had already issued on but it apparently fell through the cracks and somebody had to – what have you – how has your system been improved, if indeed it has, in what they constructed, to better flag for – even at this sort of, very clean stage of the material. There would be finished product there, is there possibility that the reporting or even the knowledge that the reporting is bad –

DIRECTOR McCONNELL: Can you write a better story with more information or can you write a better story if the information's convoluted?

QUESTION: Well, I'm talking about reliability of the information. The judgment of the –

DIRECTOR McCONNELL: Yup, yup. So am I.

QUESTION: – how is this stuff flagged to make it –

DIRECTOR McCONNELL: First you got to start with the information. What does it say?

QUESTION: Right.

DIRECTOR McCONNELL: And we collect lots of information. So if you have more and you cross-queue and you can examine more, it's easier than to ferret out the parts that are inaccurate. One of the things we've discovered is, if we can collect it and tag it in a second, when someone is attempting to be inconspicuous, they stand out like a sore thumb. These are the things we're discovering in databases that we have confidence are going to allow us to be more insightful and more capable, as opposed to what you just outlined.

Having grown up in this system, I understand exactly how that happened, and part of it was restriction and close hold and not sharing it and didn't get another opinion and so on. My observation is, the product of an organized effort is always superior to a one-off. Now I don't know how – I didn't, I wasn't around, I don't know exactly how it played, but I have every confidence that trained professionals looking at all the data are more likely to get to the right answer.

QUESTION: I guess I have sort of two unrelated questions, that the first was just kind of going off of the Iran discussion. What is your assessment of Iran's long-range missile threat, sort of aside from the nuclear program?

DIRECTOR McCONNELL: They're making every effort to keep building things that can put vehicles in space and to reach as far as Europe.

QUESTION: Do you have a sense of the timeline or anything like that?

DIRECTOR McCONNELL: They have some capability today and they're working as quickly as they can to bring it to closure, so I would say minimal capability today and they will have, if they stay on the same vector and if they're successful, because this is a challenge, they'll have capability over the next two or three years.

QUESTION: The broader question I was wondering was, are there like top two or three things that you would put on the top priorities or to-do list for Mr. Blair?

DIRECTOR McCONNELL: I think we've talked about a lot of them. I had the privilege of being at NSA for four years, and so focused on – it must be, forget about the other mission of NSA. It's two missions: It's breaking code but it's also making code. So it's tact, but it's protection. So I thought about that a lot and tried to get some energy focused on it once I came back to government. So since he's never had that experience, we've had several discussions about, this is important and to focus on it.

Other than that, it's – some advice as a professional intelligence officer, and he's been an operator. I mean, he's got experience in the community, but he's more of an operational commander decision path or career path, where I've been more in the intelligence side. So it's an appreciation for the complexity and integration of information and current awareness and so on.

Not that he doesn't understand how to do that, but it's substantively tracking all the problems that are going on. And I would say the third thing would be sharing with him my lessons of, how do you get 16 agencies who are very protective of their standing and their mission and their prerogatives, who have very powerful secretaries who will – often can be enlisted to support their resistance to change. How do you work that paradigm in a way that's productive?

QUESTION: What's the answer?

DIRECTOR McCONNELL: Persistence and determination – (laughter) – and working it with the secretariat level. We solved lots of problems – I'm going to say that differently. We resolved many differences because a former DCI happened to be sitting in the Secretary of Defense seat, so he has context and understanding. So if you're trying to do something, he had an – it wasn't an education process, he understood it. So we could make a – come to closure on a disagreement pretty quickly.

QUESTION: You've talked a lot about how much time you spend preparing for the morning briefing.

DIRECTOR McCONNELL: I didn't talk much about that.

QUESTION: How important is that and do you think Denny Blair ought to do it?

DIRECTOR McCONNELL: For me it takes time, considerable time. I'm up four-ish in the morning. This current President starts his briefing either 7:30 or 8:00, six days a week. Generally it's an hour, sometimes it's only a half-hour. So if you're going to walk in every morning to the President and you've got 10 to 12 topics and you've got – I'll just use some current examples. Gaza and what's going on there and what the various players are saying and doing and what are the prospects for the peace – ceasefire initiatives. What's going on Pakistan, aftermath of Mumbai and what happened internally and what are the Pakistanis doing and thinking, how are the Indians reacting?

So it's stuff you write about – they're always a number of crises that are close to breaking one way or another, and there's always a series of things that you're preparing for, observing or getting deffed on. Now, it's all going to be a function of the new President, the President-elect or the new President's style. He currently is taking a briefing seven days a week. Now, you all understand how this works, I think. We have two briefers that are dedicated to the President that he travels, they travel, so wherever he is, one of those briefers is there. We energize our entire system to feed that information to the briefer, who will compile it and it put it in a way that's going to be most helpful to the President.

And President-elect Obama is doing this seven days a week. Will he adjust? I don't know, we'll see. Now, the DNI is responsible for the process, and the DNI is the principal advisor. The incumbent President, President Bush, chose to do it every morning six days a week, seven if needed, and he wanted me there. And the reason for being there is asking questions. They're very action-oriented. What is he asking, what does he need to know, how are the questions being answered, can I offer a perspective and can I walk out of the Oval and go cause the system to react in a way that he wants it to react to do some action? The new President may have a similar style or he may change it entirely. If you – and you would know this. If you look back over all the Presidents you've covered, each of them have done it a little bit differently.

QUESTION: The question gets raised how much time, why do you have to be there? If the briefings done by somebody else, and they used to record the questions or actions that came back –

DIRECTOR McCONNELL: For this actor and for this President, one, he required it and two I would insist on it. And the reason is, it's so action oriented, how do I guide or influence or direct a community in response to Presidential interest or tasking unless I'm there to take part in the discussion? I also find out – that is, if you're there, you actually know. You hear what the policy debate is, you know what the issues are. You frequently are in a position of offering commentary. I've been doing this for 40 years, so I have a few perspectives that they, surprise, surprise, they found them interesting along the way.

So I was a part of the team. I'm not a policy-maker. I didn't try to drive policy in one direction or the other, but I could provide commentary on what policy choices might get what kind of a result, or what do we really know about an issue? And interestingly for you all – this might surprise you a bit – often my role is to tell seniors what we don't know or what we can't find out, as opposed to what we do know. So that often is – having a seasoned person, these briefers are, they're very good, they tend to be a little bit younger, so – many of them come out of CIA, so what if it's a space-imagery question? Or an NSA – so having somebody that's done that for a long time, you can have – there is value to be had.

QUESTION: What are you going to do? They described you as staying on to do some kind of consultant –

DIRECTOR McCONNELL: The President-elect has asked me to serve on, we used to call it PFIAB, and I'm going to give you this acronym, because this is important. PFIAB. President's Foreign Intelligence Advisory Board. We're dropped foreign. I don't know if you all have picked up on it, but we don't say foreign intelligence anymore, we say national intelligence. And now, the darkest corner says, you're doing domestic intelligence.

So what we're trying to do is to capture that we're doing intelligence; some of it may be originated inside the country. That's what FBI has been asked to do. So my task now is to manage – what the DCI did was all foreign. What the DNI does is foreign and an element of domestic where it has a foreign context. And so this advisory board, I'm pleased and delighted and anxious to serve on it. So it has an oversight advisory role to the President for taking on tough issues, looking at issues and making recommendations.

QUESTION: General Hayden mentioned yesterday on his list of concerns for the incoming DCIA about Mexico. There was also a JCOM report that came out, too, yesterday. I just wanted to get at, anything to add to that, if that was on your list of concerns?

DIRECTOR McCONNELL: I didn't see all of his transcripts, I don't know exactly what he said, just let me capture Mexico this way. President Calderon has been courageous in attacking the drug cartels for the interests of his own country, and it turns out, in the interest of our country, to stem the flow of drugs coming north. And there are two issues: drugs coming north and guns from the United States going south. Where his – he, the President of Mexico has found the condition is, they, the drug dealers now, because they've had some impact in taking away their territory and so on, the losers on the drug dealers' side start to fight the winners on the drug dealers' side for primacy.

In 2007, between them killing each other and innocents, they killed about 3,000 people. In 2008, that number has gone to 6,000 people. But in addition to the drug dealers who are losing territory or capability, they turned to kidnapping. So they would kidnap the children of people of influence or means and hold them for ransom. So Mexico is in a situation where they've asked for some assistance. So there's something called a Merida Initiative, and so we're looking at ways that we can provide a level of assistance to the Mexican government in this drug fight in a more robust way than we have in the past. So that's what that's all about.

QUESTION: I'd like to bring you back to cyber for a minute. Talk a little bit more about what still needs to be done, what Admiral Blair can do if, you know – what his to-do list should be on that.

DIRECTOR McCONNELL: Okay. Let me start with the authorities, let me separate cyber in three pieces. Exploitation means that you are obtaining information in the global environment for information advantage. So just use the word "exploitation" for that. Now, if you are in a – if you're a war fighter and you engaged in conflict, you would think about it not so much as exploitation, you would benefit from that, but what you would want to do is to attack the other guy. Take down the air defense system, turn off the lights, you know, whatever – whatever advantage you would get from that kind of attack.

Probably the biggest and most challenging effort is defense. So think of it as computer-network exploitation, computer-network attack and computer-network defense. Now, let's talk about authority. The authority for exploitation is Title L, DNI, NSA, that's what we do. The authority for attack is Title X, DoD, that's what they want to do. The authority for defense is departmental and security. So you've got a digital environment where ones and zeros are ones and zeros. It depends on whether you are exploiting them, attacking them, or trying to defend them. And you've got authority spread across the government.

So the first thing to do is to get the players together to talk about this holistically. How would we collaborate and coordinate in a way that we could get the lift and the protection that we need to get? When you add Title XVIII and Title XXXII, Department of Justice, FBI, they've a roll, Title XVIII, and then there's Title XXXII, when you bring out the National Guard or whatever

they might bring to it. So the issue is, how do you get a program in the President's budget delivered a bill, to the Hill, where you get authorization and appropriate to have a comprehensive program. Bear in mind that the Department of Homeland Security has 88 oversight committees.

So how do you get a decision, how do you get – how do you coalesce that? That's the challenge that we have, is how are we going to get this organized and processed in a way? Now, I'll tell you where I think – where we are and where we got to go. If you think about defense, it's known as dot-mil. We know how to defend that, we're pretty good at it. If you think about the government, it's dot-gov. Dot-gov had about eight (thousand) or 10,000 on and off ramps to the internet. We got to reduce that number so we can provide an adequate level of production. Ninety-eight, nine percent of what's out there is dot-com. So how do you – we go to plan for dot-mil, we got to plan for dot-gov. How do we get to dot-com and how do we now enlist the exploitation feature which is the enabler for attack and defense? Now, you guys are going to – some of you are going to take this to the darkest corner. We're the spies and we got to be in that network to do defense. Do you trust us?

And that's – this debate's going to be about. And so we've been working very hard with members on the Hill so they understand this and they can help us make this case. In the next day or two or three, you're going to see an op-ed from the Senator Wyden from Oregon and me, jointly written, to say, this is a serious problem and we've got to address it. And we've had several members on the Hill, probably the ones that have engaged the most have been Congressman Langevin from Rhode Island. He sits on one of the oversight groups for Department of Homeland Security and chairs a cyber sub-panel.

So CSIS just did a report, he participated, it says good things about, this what we got to do. Senator Whitehouse is on the Senate Select Committee. We've taken him to show him the technical aspects of this and how it works. So here's the bottom line. Exploit enables attack and exploit enables defense. How do you write the rules and govern the process and establish the authorities to take the exploiters, put them in a way that they can be technical support for defense, and how do you take it to the private sector? That's the challenge.

QUESTION: I just wanted to briefly follow up on Mexico and then ask you about the – some structural questions. With Mexico, do you foresee a role for the United States in supplying military assistance or personnel? Which, I understand that would be somewhat unprecedented, and General Hayden sort of alluded to that yesterday as well. And structurally, President-elect Obama, when he named his intelligence team, he put the one professional in the White House, which seems to mirror some of his other policies of bringing policymaking into the White House even more than previous Presidents. Do you see that as a risk?

DIRECTOR McCONNELL: Mexico. The Merida Initiative, which is north of a billion, a billion X, I don't remember, for which the Congress has already approved a major portion of it, a lot of that will be military equipment. Could be helicopters or it could be night-vision goggles or, you know, whatever. So that is – process has started. The organization that has geographic responsibility for Mexico is Northern Command, out in Colorado Springs. So, one, the dialogue between the Mexican Department of Defense officials and the U.S. Department of Defense is much more robust. More active, more engagement, and so on.

And there's a part of the Merida Initiative, there's a high consultative meeting that's already established, happens on a periodic basis, and that's happening. The dialogue between Northern Command and Mexico is going to go up. So if you're asking the question, are U.S. forces going to be on the ground in Mexico, I can imagine that may come about. That's not in the plan, it's not being considered. It's what kind of assistance and training and resources and capability can you provide to the Mexicans to enable them to be more capable? So that's kind of where that debate is. Now, on my side, on the intelligence side, we're pretty good at finding things that are difficult to locate, or understanding and so on. And so we're in dialogue with them about how we can provide some of our insights and capability to the government of Mexico to make them more capable in their fight against the drug cartels.

White House professional. It is my view – let me frame it a little bit differently for you. I'm going to use military as an example. We don't hire Admirals and Generals; we grow them, because that's hard. I mean, if you got in the middle of the – you got to be tested and challenged and experienced in a way of warfare discipline and then jointness and exercises and so on. So professionalism is something we should strive for in this community. Now, does that mean that someone can't come from the outside to be a good manager and have an appropriate outcome? No, and I would use both the Department of Defense and the Intelligence Community in the past as an example.

There have been many Secretaries of Defense who didn't have extensive military background. But because they used the professionals, they made a pretty good team. So the balance is going to be how effectively the outsider and the professionals mesh to work problems that the nation needs to have worked. So when they ask me who should sit in the DNI seat or the Director of CIA seat, my response was, you would be best served by a professional. Somebody that's been doing this for 30 years or more. Does that mean that somebody else cannot – would be incapable? Not at all. There have been many successful people.

But then it becomes essential for whoever's going to make those decisions at the policy level to take full advantage of the professionals, because there's so much of this business that's nuanced. It's esoteric. You got to have somebody explain, well, if you had an imagery, an example or you had an electronic intelligence bit of information, an ambiguity associated with it, how would you sort that out to reach a conclusion? And those that grew up on it, that's what we do for a living.

So that's why we'd argue for the professionals. Now, he has pulled a professional from the White House. John Brennan is also capable of operating at the policy level, and I think that's what he's going to ask him to do. I think he will be advantaged by having someone that understands this community so well, and remember what I said earlier. We often are asked, what do we know, but we're often asked, what do we not know, and what is it it's possible for us to go find out. And John Brennan's going to be particularly valuable in knowing the capabilities of the community.

QUESTION: Another issue that you dealt with during your time here was the National Clandestine Service, who would serve overseas in various locations as the point person for U.S.

intelligence. The clearing person. Where does that stand now? In how many locations is it not a CIA person, is that issue resolved?

DIRECTOR McCONNELL: We're still having a dialogue on that subject, and let me separate the way you framed it and the way I would frame it. Remember how I opened up, what's the role of the DNI? That's kind of dull stuff. This is policy or coordination or collaboration and so on. So what you're making reference to is, who do I designate as a DNI rep? Who's the representative of DNI at given location? Now, if you are CIA, you would make an argument, and legitimately so, that if it's an embassy anywhere in the world, the Chief of Station should be the DNI rep. And that's probably how it's going to come out. But there are places in the world where it may not necessarily be the CIA person.

It might be, for some legitimate reason, service to a war-fighter and a war-fighting command or some other circumstance where it might be someone else. So we're going through that process. Now, what does that person do? Collaboration? Coordination? It's not an operational role. So let's go back to your question, and I think while you're asking the question, is it an operational role from the DCI to the Chief of Station? What we're talking about, DCI rep has nothing to do with it. Now, as DNI, I may look at the activity and say, I don't agree with this or I want it changed or whatever, but it's a policy role, not an operational role. So there is no intent, and it would be clearly stated in the policy that the DNI is not giving operational direction to the DNI rep at any location.

But he is interested in, is the community working well together? Is there good cross talk? Does the ambassador feel well-served? Does the military commander feel like he's got full access to the full breadth and depth of this community? When I refer to the big six, we're talking about large organization that spend lots of money and all that one has a large work force. Those are professionals. We want those professionals to be joint, move around in the community and build professionals that could serve as DNI reps at any location – SACEUR, USFK – so that's where we're debating, is coming to closure on that. And I'll give you a little more inside baseball. If you are any of the big five, not CIA, how are you going to argue this? (Chuckles.) Yes, we want to be DNI reps. So that's where we're working through that. And we're pretty close to getting it resolved – it's not final but we're close.

QUESTION: Two things relatively quickly – the Treasury Department put out a release today about designating al Qaeda members and raising funds as they regularly do. And this one talked about the guys – the al-Qaeda guys who are believed to be under a house arrest in Iran. And one – it was kind of curious – one of the mentions was Saad bin Laden – UBL's son and it said that since, I think, September '08, he may have left Iran – and I wanted to get your thoughts on where is he and is that – how sure are you that he has left Iran? And then secondly, we spent a fair amount of time yesterday talking with General Hayden about interrogations and I'm wondering, as you leave this job, are you still firmly convinced that the CIA or the Intelligence Community at large needs separate rules of interrogation than the Army Field Manual?

DIRECTOR McCONNELL: The person you are asking about has left Iran. He's not there. That wasn't a question. (Laughter.) He only gets two. Do I feel that the community needs to have –

QUESTION: Can you go back to the first question?

(Laughter.)

DIRECTOR McCONNELL: Do I – he is probably in Pakistan. But he's left Iran.

QUESTION: In the FATA?

DIRECTOR McCONNELL: Probably in Pakistan. But he's left Iran. Does the community need interrogation techniques beyond what's in the Army Field Manual? In my opinion, we do. The Army Field Manual – I think it's 19 techniques they have. It's designed for a different purpose and so as long as it is determined to be legal by appropriate legal authority to make that judgment, my recommendation to the administration would be preserve the ability to use lawfully approved techniques if you're in a situation where you need to use those techniques. And what I would highlight is let's go back to when you all were writing about 9/11 – I don't know about you, because you're pretty young, but –

QUESTION: I was writing then –

DIRECTOR McCONNELL: Well, remember that the place is still burning. We don't know what's next, we don't know very much about al-Qaeda and I think General Hayden – I didn't see the transcript but he told me he was going to use these numbers. If he didn't, I'll repeat them – if he did I'll repeat them. Fewer than a hundred, about a third that were subjected to techniques, and at the time, three subjected to water-boarding at the time the determination was made – that water-boarding was legal. Now, is it going to be used in the future? That is – I'm not a lawyer. That is a call for the attorney general and so if he determines that it is not appropriate then it wouldn't be used.

QUESTION: On North Korea – for the last couple of years, the administration has been trying to get a six-party process with North Korea. In the last two weeks, both Stephen Hadley, the President and Vice President have talked about new concerns about an ongoing HEU program. But the Intelligence Community's overall consensus judgment hasn't changed from moderate concerns – or, excuse me – assessment at a moderate level that they have an ongoing program. If the consensus hasn't changed, why is the President, Vice President and National Security Advisor publicizing this a week before they leave office? Given that you don't like these things publicized.

DIRECTOR McCONNELL: Well, I don't know why they're doing it – you'd have to ask them. When I came back into the process, the community was adjusting its judgment and the judgment was – I think it was in the 2006 timeframe. They had high confidence that there's an HEU program.

QUESTION: In the past?

DIRECTOR McCONNELL: In the past. And the issue was – and I’m going to look right here in everybody’s eyes because we are back to the point of sources and methods. We’ve had significant capability in the past that sometimes we lose because people talk about it. And when you lose it, information starts to age off. And so as far as I could determine, the only difference between high confidence and medium confidence – and I looked at this pretty hard – was age. So the community is still officially on record – that’s our opinion – is we have medium confidence that the North Koreans have a highly enriched uranium program. Now, why the policymakers chose to focus on it I could only guess. My guess would be to just have the record straight. They engaged in this for eight years and they want to make very clear where they’re leaving it.

QUESTION: But I mean, you have a debate here where the majority of the community hasn’t changed their view. They’re saying, well, let’s discover these particles that were discovered on the materials the North Koreans provided does not say that there’s an ongoing program. It says there’s highly enriched uranium in North Korea – either imported or processed there – it doesn’t give you the answer. And yet, you have a minority view saying this is more evidence that they have an ongoing program and that minority view is being reflected in statements by the President. Does that concern you?

DIRECTOR McCONNELL: What you’re stating is incorrect. But where you want to take me is to classified information and I’m not going to go there.

The community – which I’m supposed to be responsible for making sure we say what we’re going to say as a group and then any footnote – and the majority of the community is saying medium confidence, it exists today – for the old evidence and any new evidence. There is a minority view and I’m going to leave it there.

QUESTION: I’ve got an easy one for you Admiral.

DIRECTOR McCONNELL: Good.

QUESTION: There probably isn’t anybody sitting around the table here who hasn’t spent a lot of time at one time or another writing about the hunt for the top two leaders of al Qaeda. We’ve all written about the many reasons – some of us walked the ground out there and seen how difficult the terrain is, how inhospitable the tribal areas are for foreigners if you’re not an Arab. But I’ll ask the question anyway. Why is Osama bin Laden – and Ayman al Zawahiri – why are they still breathing, or wheezing as the case may be? (Laughter.)

DIRECTOR McCONNELL: It’s a very simple answer – because we can’t find them. I mean, that’s a flip answer but we’re talking about a part of the world that, as you just described, is incredibly hostile terrain – about the size of New Jersey. And you’re looking for someone who wants to remain hidden. So if they isolate themselves and there’s no connection and there’s no activity and there’s nothing you can exploit – they’ve been successful. Now, let’s go to the – it’s easy to say, well, you fail – you didn’t kill Osama bin Laden or al Zawahiri.

QUESTION: Is that – do you consider that a major failure?

DIRECTOR McCONNELL: Well, let's go to the positive way to say that. You can spin everything in two directions. (Laughter.) The positive way is we've got them so isolated they've become ineffective. Now, look at the plea that just came out from bin Laden. He hadn't been in any form of life or sign of life – confirmation of life since last March and he came out – I think the tape was made toward the end of the year or the first part of the new year and basically it was a plea for money. So I think one, it was – I'm still here. But from March till just recently, he didn't – nobody knew and it was a – he was begging for money.

QUESTION: I'm sorry – well, you're talking about the date of the tape and I'm very interested in that but added to that Ayman al Zawahiri also had a tape out I think last week where he seemed to be commenting on the Gaza, occurring within a few days of it occurring – three days. And so the related question there besides the dating of the UBL tape is what do you think about the speculation that current or former members of Pakistan's government, ISI, Army whatever – are affording these guys some level of protection that enable them to be wired in to news and information and be able to respond very quickly and also avoid being nailed?

DIRECTOR McCONNELL: The level of protection has been provided by the militants in the area and with – you know the global communication system as well or better than I – you can sit in any part of the world now and stay pretty current, just if you've got a – you know – a television or access to a news source. Let me just highlight one thing for you to think about. You've probably tracked – you probably know these guys better than I do because you've been focused on them for a long time. It's not very popular to be number three. Why is that? Number three doesn't stay with us very long – and why? Because he has to be active. He has to engage, he has to get orders, he's got to be out doing things – so number threes don't have a very long longevity. So if you have number two and number one just totally isolated, you're achieving some level of effectiveness. Would we like to get them? Sure.

QUESTION: Number two doesn't seem very isolated, though.

DIRECTOR McCONNELL: Less isolated than number three.

QUESTION: Less isolated than number three.

DIRECTOR McCONNELL: Yeah. So it's a nuance – Zawahiri is more active, there's no doubt. But if he stays real active, guess what fate he will suffer.

QUESTION: And I'm sorry, the date on the bin Laden tape, you think it's –

DIRECTOR McCONNELL: No, I'm just commenting on when it came out. It came out the last, what – three or four days ago? And he commented on Gaza. Gaza started essentially the 27th of December. So I'm – my comment was he either made it the end of the year or the beginning of the New Year. I don't know the date.

QUESTION: I have two related questions. During the FISA debate you caught some flak from some members of Congress who felt you had behaved politically. One of the things that

President-elect Obama has talked about doing is making the DNI's term much like the Fed chairman's term as a way of de-politicizing the position. The other thing that he's proposed doing is creating a national declassification center in response to the perception that the Bush administration has over classified.

What do you think about those ideas?

DIRECTOR McCONNELL: Which –

QUESTION: The idea of –

DIRECTOR McCONNELL: – idea – term – having a term –

QUESTION: – the term and of national declassification. Does that solve those problems or are those problems that aren't related?

DIRECTOR McCONNELL: No. The term is a way to address it. When we did term for Director of FBI, we wanted to get away from another J. Edgar Hoover, because staying in that position for that long, you had some issues that we had to deal with. So it has pros and it has cons. So you can argue it either way.

When I came into the job, that's where my head was. Now I don't think it makes that much difference. Either way, you serve at the pleasure of the President. So I don't think it scratches the itch you're talking about because, frankly, the way you characterize the itch is the way you wrote about it, but that's not the way it was.

I made a statement once, I said – I hung up the phone and I said, man, I've been in war and I've been shot at, but I've never been subjected to this much pressure in my life. Now, somebody heard me say that and they came out and told one of you guys, so you wrote about it. So the Congress said, there's that Bush again putting heat on McConnell. I was talking about the Congress, not the President. I was getting the pressure because they were really wanting to do this and do that.

And my point was – remember when I talked about FISA earlier with three points – I made that to the – we had a conference call and it was senior members of Congress, and they said, would you agree to our bill? And I said, yes, as long as it does these three things. All right, we have your support. I said, now, wait a minute. Have you looked at this bill? It's very long. It's very complex. You change a comma you can actually change intent or nuance. I said, I'm agreeing to these three points. If you want me to agree to a bill I've got to read it. I've got a bunch of lawyers that really know how to do this. So I'm agreeing conceptually, but I've got to see it, because of the way you to whoever picked it up and it was characterized that I was feeling pressure – (inaudible). I wasn't. We started down this road of political pressure and so on.

The President, when I came in, he said, look, you know something about this. You care about it. You tell me what we need to do and I'll back you. And I said, thank you, Mr. President. I'll go – I think I've got a pretty good idea. I will go do that. And for the entire debate it was, Mike,

are you getting it done? Do you need me to help you? And so I was receiving zero political pressure from the White House because it was a nonpolitical issue; it was, get the law corrected the way it needs to be corrected so we respect privacy and do our mission. And in the emotion of the moment people misread cues and it was played that way.

Pretty valuable lesson for a guy. I hadn't done that before. If I did it again, I'd probably take advantage of those lessons that I learned along the way.

QUESTION: Would you mention the national declassification center?

DIRECTOR McCONNELL: It would add value. It's not something that's bad. There would be some issues in setting it up and what the rules are and so on. But remember the point I tried to make. We're a secret organization trying to do secret business by penetrating foreign secrets, and there's an insatiable thirst to know more about what we're doing and how we're doing it and sources and methods and so on. So there's always going to be tension in that system. And whoever sits in this seat has got to make analysts share and make them collaborate, but the flip side of that responsibility is protecting sources and methods. Because guess what you all are going to be writing about as soon as you lose a major capability that is no longer providing for the nation.

QUESTION: You were talking about General Hayden yesterday talking. In his transcript he was talking about the relationship between the CIA and the DNI, and he said, quote, "This isn't a bad structure." And then a little later he said, talking about the people at the DNI, he said, well, Americans being Americans, if you put too many of them out there at Liberty Crossing they're going to fill up their day. Americans being Americans, they're going to fill up their day trying to do something impactful. Which means if they do it too much there's going to be a trench across 123 here. I was just wondering, do you generally agree with this? I mean, this is one of the –

DIRECTOR McCONNELL: Oh, any time you have organizations that have similar interests you're going to have disputes. And – and particularly if the two leaders aren't working together and having a partnership and so on, the warfare at the trench level gets to be pretty much a raging battle. So fortunately for me, he's a professional, I'm a professional, we have a common interest here. I'm the policy guy. He's the operational guy. So we've worked out a modality that works pretty well. So we don't have a department of intelligence. If this were the Department of Defense there wouldn't be any question, but it isn't.

So what we have to do is work these issues in a way – there isn't a DCI anymore. There are folks at CIA that would like to hang onto all the DCI stuff. There's now a DNI and there's a DCIA, and so we're working it and we have to bring our staffs along to make sure we solve our issues.

QUESTION: But just to follow up, you said you're both good friends and you're able to work it out. But maybe the next two guys aren't going to be good friends, or the guys after that. Does there need to be something put in the statute so that the relationship is really formalized?

DIRECTOR McCONNELL: This debate started in 1946. It's been studied 41 times, and the same six recommendations come out of almost all 41 studies. And we still haven't made that decision. Now, the SSCI is – I'm going up to visit him the next week. The first thing you're asking to me: what do we need to put in legislation to make you a strong DNI? And first of all, they're going to say – they're going to ask me a couple questions about, well, you didn't do this, you didn't do that. And I'll say, well, that's not what you put in the law. Because as a nation since President Truman when we did the National Security Act in 1947 we have elected to do it this way. There's someone responsible for coordination without operational control of every element. And the dilemma we had was that person was also the head of CIA. I've got to tell you, running the CIA is a full-time job. And if you do that, you're consumed by that process and you don't work community issues.

I've got a list – I don't know if I handed it out to you guys – we've done a lot of stuff, but we've done it because I'm not worrying about running CIA. And are we going to have disputes? Always.

QUESTION: Russia has been very aggressive in the last few years, specifically in the last six to eight months in the Arctic Pacific, Latin America, and not just from a military or an intelligence point of view, but from a political point of view they've been very engaged. And there have been some suggestions that they are directly challenging the U.S. intelligence establishment, and there have also been some suggestion too that the U.S. intelligence establishment may be challenged in terms of having people with the right skills in the right places, all of the right places, to deal with Russia's newfound self-assurance and plans.

What's your assessment on where the U.S. stands in terms of dealing with Russia in the future from an intelligence point of view?

DIRECTOR McCONNELL: Okay. You could make that same argument about China, and in a few years you could make that argument about India.

What I would say is you just reflected a worldview that's held by the leadership in Russia that – my view is it's unfortunate because the leadership in Russia interprets virtually anything we do as an attempt to keep them where they were when they defaulted, in I think it was 1998. They were at their lowest ebb. And so they interpret anything we do as an attempt to subjugate them, isolate them, keep them in a weakened state. My view is that's not true. I mean, we would love to have a democratically productive, viable – Russia is a great trading partner. They've got vast natural resources. The longevity – lifespan of Russians is going backwards because of their health issues and all that sort of thing. We could help them a great deal. Their demographics are awful. They – they have become xenophobic with regard to immigration. So there are things that we could do together if we worked in a positive way. But their worldview is we're out to subjugate them.

So now, we've gone through a time in 2001 when the World Trade Center was attacked, there were more FBI agents in New York City than we had case officers in the world. We've recovered from that. But our focus is different right now, and you know it as well as I.

If you're asking me the question, are we prepared, the challenge for the DNI is to make sure we're always shifting those resources and doing the things we have to do. So we're considering what you're talking about. Are we in the right places with the right resources, speaking the right languages, doing the right stuff? My view is I would hope that as leadership transitions in Russia they'll get to the point of saying, hey, a partnership with America is not a bad thing, it's a good thing. We have a partnership with China. China has a very different governmental philosophy, but the standard of living in the United States and the standard of living in China has gone up dramatically as a result of our positive relationship. Why can't we do that with Russia?

QUESTION: And the people that you have in these right places, they look right – they have the right look?

DIRECTOR McCONNELL: What's the right look?

QUESTION: Well, you know, speaking the language is one thing.

DIRECTOR McCONNELL: We've still got a lot of them left, yes. But we will adjust. I mean –

QUESTION: But you're saying you're still working on that?

DIRECTOR McCONNELL: Yeah. Well, that's why they – remember, my belief is a bureaucracy will resist change. If you've got a lot of guys and gals doing X and they've got to do Y, there's going to be resistance. So at least an overseer is going to say, hey, you know, we've got to put more emphasis here. I do have the budget control. So access to the President, influence in that process. I've got the IT authority in law, I've got the policy pen, and I've got the budget.

So if we – my staff which is bloated – I would hope you would take that out of your article – my staff which has 650 people, we're trying to look at the world and make adjustments. If we became convinced that the way you framed it is exactly what we need to focus on, we've got the power to make it happen. So I think in that sense it was reasonable to create this organization to do that.

QUESTION: How troublesome is it that bin Laden has gone to Pakistan? And does the community have the resources to eliminate al Qaeda as a threat and even go so far as – how much longer is this going to take?

DIRECTOR McCONNELL: Which question first? Do we have the resources?

QUESTION: Sure.

DIRECTOR McCONNELL: Yes.

How much longer is it going to take? It's political will, both on the part of the Pakistanis and the part of the new administration. Between the cooperative effort we've had in the past year, al

Qaeda is in a very different place than they were in 2007. They're now more focused on survival than they are focused on planning their next attack for mass casualties in the United States. Their philosophy, their plan all along has been another attack larger than 9/11. They're doing less time thinking about that, more time thinking about where am I going to go next and who's next and how do I get secure? So it becomes a matter of political will of all the players to pursue the course.

And you had a third –

QUESTION: And how significant is Saad bin Laden and where –

QUESTION: And have others moved out of Iran as well? How many are left in Iran? There were about a dozen.

DIRECTOR McCONNELL: It hasn't changed significantly. And it's better for my world if he is – if any of these players are in places that we have access.

QUESTION: Better than Iran?

DIRECTOR McCONNELL: It's better in my world if they're in places where we have access.

QUESTION: Did he negotiate a deal or did he escape? What happened?

DIRECTOR McCONNELL: I answered your question.

QUESTION: You mentioned that you're co-writing an op-ed with Ron Wyden.

DIRECTOR McCONNELL: Yes.

QUESTION: I'm wondering what your thoughts are about his proposal to declassify all the documents that pertain to interrogation, rendition, and detention over the last few years. Do you have any thoughts about that initiative?

DIRECTOR McCONNELL: Actually, not the way you're framing it.

QUESTION: Okay.

DIRECTOR McCONNELL: If there's some information in there that examined and I'm sure will be made – or will be declassified. There is some of it you're going to have to make a judgment call. Because the question is, how is the new President going to come down on what he's going to preserve for the future. And that's going to be his choice. So as a professional, I would tell you if he asked me I'll give him my opinion, but whatever he decides, whatever is the law of the land, that's what we're going to do.

But let me flag one thing for sure. We've had some very dedicated people out at Langley doing this business that look just like the people around this table. They've got families and they've

got kids in college and they've got all that sort of thing. And they are scrupulous about abiding by the law. So if you change the rules it's going to be next to impossible to get that group of people to do the things that they have been capable of doing in protecting the country for the last number of years. So that becomes judgment.

QUESTION: Your scariest and most concerning issue that you've handled while you've been on the job?

DIRECTOR McCONNELL: Scariest? HPSCI hearing. (Laughter.) I found that to be a challenge. It was just hard to get a question and try to provide an answer.

QUESTION: Threats?

DIRECTOR McCONNELL: Threats – threats to the United States. You can divide it in time, but I guess my biggest worry is I'm very concerned that Iran will continue down a path that will result in nuclear weapons. And if you think about it just for a second, if Iran gets nuclear weapons, what's going to be the response of their neighbors? And now, while at one level, while the United States had nuclear weapons and U.K. had nuclear weapons and the Russians had nuclear weapons, a state of play in position was reached where we had sort of a mutual standoff. I don't have any confidence that if you had the players in that region of the world as volatile as it is that you would have mutual deterrence. So do I have any evidence they have made a decision and they're actively pursuing? No. But their behavior says they're continuing with fissile material. They're continuing to build these long-range missiles. And it would be a logical conclusion – I just can't prove it – if they get them, that's my biggest worry.

QUESTION: Analytic transformation, which way –

DIRECTOR McCONNELL: Yeah.

QUESTION: Status, and where do you see it going next?

DIRECTOR McCONNELL: Great – good –

QUESTION: A-Space, LNI, C-Space?

DIRECTOR McCONNELL: Great, great progress. Tom Finger you all met with. Tom was forceful, gravitas, smart, brought in the right people. So he's changed our process pretty dramatically. Let me give you – let me go back to the NIE on nuclear weapons in Iran that you all mentioned. We've done three NIEs. And when you read them all, they basically all have the same conclusion because it hasn't changed over the three NIEs. I think we did one in 2001, 2005 and 2007. The process on 2007 was incredible in its rigor.

Challenge assumptions. Examine every piece of data and source it. When you had a source that said A could you then examine all the sources to see if there was consistency. And then when we finished all that we did a red team. We assigned the people the responsibility; tell us why it's wrong. So it's a very different place. Lesson learned out of the weapons of mass destruction

NIE for Iraq, I think what, October of 2002, is that the time? That was – the trade craft used and the process was not the standard that we needed to find. And so Dr. Finger I think has done a wonderful service to the country getting us there.

It's not 100 percent, but we're making pretty good process and we've got a good plan. A-Space is going to be wonderful. For those of you who use the tools that you use with your equipment and checking things and fax and that sort of thing, we've now done that for the community, and therein is you get immediately to the debate of information sharing. What if something is restricted? So what we had to do was to make some hard decisions to say this is a cleared community. By – (inaudible) – of the person being cleared with a mission they have access, so we had to make some hard rulings. And it's working, and it's become more successful faster than we anticipated. So it's a good news story.

QUESTION: And just real quick. Where does it need to go? And then Admiral Blair, where would you seem him want to take – where would you want –

DIRECTOR McCONNELL: Stay the course. And we've just now invented something called C-Space. It's the collection part of it. In this town what you normally argue about is the current is the current substance, control the collection or future acquisition. I mean when you write about us and you think about us, that's generally what we're arguing about. What's the current intelligence say. Who's controlling the collection to do something about it. And what are you going to buy for the future. And so we've worked some of this information-sharing process that we can work across those boundaries. Collection was a hard one because everybody who runs something sensitive doesn't want every analyst to know exactly how it works. So we've made C-Space to give them a little more insight, a little more understanding.

So I have a simple hypothesis. The analysts should run the community, should drive the community. The analysts should drive the community because if you do drive the community, it forces you as an analyst to know all your customers, who they are, what they need, how they get information and how you deliver it to them, how it's useful to them. And the flip side of that is if you're supporting that customer, what are my sources and methods and how do I get better information to stay with that customer. So if you make it analytically central it puts a burden on them to be more capable with collection and with service to a customer.

Thank you all very much.