

MEMORANDUM FOR THE RECORD

Event: Andy Studdert, Chief Operating Officer of United Airlines

Type: Interview

Team: 7

Special Access Issues: None

Date: November 20, 2003

Prepared by: Lisa Sullivan and John Raidt

Participants (non-Commission): Andy Studdert; Jeffrey Ellis, UAL attorney; Michael Feagly, UAL attorney; Steve Sawyer UAL attorney

Participants: John Raidt, Bill Johnstone, Sam Brinkley and Lisa Sullivan

Location: O'Hare Airport, Chicago, Illinois

Background

[U] Prior to working for UAL, Studdert's background was in banking. He left UAL in September 2002 after having served as Chief Operating Officer—the post he held on September 11, 2001.

Security Responsibilities

[U] Studdert stated that UAL's relationship with the FAA under FAR 108 was overseen by Ed Soliday. He said Soliday was in the job when he became COO and was "the top safety and security guy in the country." Soliday is also an airline pilot; which he said was important because it earned him respect, and it made Soliday more courageous in his job because he could always go back to being a pilot.

[U] Studdert was responsible for setting the tone on how the FAA and United worked together on both security and safety. Studdert wanted FAA to be able to access all of the systems that United operated openly and unfettered. He wanted a collaborative and cooperative environment, not an adversarial relationship with the regulator.

[U] United had an independent operational unit for both safety and security which Studdert said was unique among airlines. The FAA person assigned to United, (he forgot his name) had direct access to the CEO. In addition, the safety and security executives would meet with the Executive Committee of the board without Andy being present in order to promote independent, open reporting to the board. Studdert stated that there wasn't a person on the board who focused solely on security. The executive committee

COMMISSION SENSITIVE

of the board and the audit committee etc, focused on different issues at different times depending on what was happening.

[U] Twice a year Hank Krakowski and Ed Soliday would prepare a safety and security report as part of a larger analysis of the state of the airlines that Studdert would not preview or edit. His safety and security people had direct access to him, as did the union people with whom he met regularly. He perceived unions as a powerful check on the system because of their vested interest in the organization.

[U] Studdert said that he sat down with the security team within a week of taking the job to discuss security. He expected that on day-to-day issues, the FAA would contact him if there were a problem dealing with UAL regulatory compliance. He is not aware of any issues the FAA had with UAL on the security front. He does remember meeting with Admiral Flynn shortly after he became COO of United.

Intelligence

[U] Studdert said that his main source of intelligence and information about security threats was Ed Soliday and Hank Krakowski. He does not remember Soliday ever expressing concern or frustration over the lack of intelligence or information received from the FAA.

[U] He remembers there were instances when he met with Soliday because the threat level was increased and that such meetings were on a case-by-case basis. He did not recall seeing a presentation by the FAA Office of Civil Aviation in 2001 discussing the increased threat to civil aviation.

[U] He was not aware that the intelligence community perceived a greater threat in the summer of 2001, or that it was a time of higher alert. Studdert said that the system was at alert level III, and that if the FAA doesn't tell the industry to go to AVSEC alert level IV, the industry can't do it on its own.

[U] FAA was UAL's regulator. If there was an issue the airline needed to know about or to do something as a countermeasure, the FAA could issue directives, and had avenues of communication such as the STU phone, but he doesn't remember anything that stands out.

Security Culture

[U] The FAA tells you what to do. It's up to you to decide how to do it, and you can do more if it's in your corporate culture. Studdert said that United did a number of extraordinary things in the security arena, citing a UAL videotape produced in 2000, which he appeared in, that featured survivors from aviation security incidents. UAL showed the tape, which he described as very emotional, to its Ground Security Coordinators in order to inspire them to do a better job. He said that UAL did such things "that were important to us from a cultural standpoint." He cited UAL's purchase of every CTX machine they could buy as further evidence that UAL was trying to go the extra mile on security. He

COMMISSION SENSITIVE

stressed that safety and security was a primary focus at United. He stated that UAL in San Francisco was the test bed for CTX prior to 9-11 and that United has bought more CTX machines than all the other airlines combined.

[U] He said that operational efficiency and maximizing throughput did not trump security at UAL. He recalled an instance where his Operations Manager made the call to evacuate the terminal at O'Hare because they suspected someone entered the sterile area unscreened. The Mayor and the Airport Director were "pissed," but UAL made the call because an unsterile concourse was unacceptable. UAL took three days of negative press and the decision cost them millions of dollars, but his people made the right decision. He stated that UAL empowered their people to make such decisions and supported them in those decisions.

Checkpoints

[U] Studdert stated his belief that UAL's checkpoint operations, operated by subcontractors, were effective. He does remember complaints about checkpoints at various airports, and that Denver may have been a particular problem, but he stressed that issues were aggressively addressed.

[U] He wasn't aware of the statistics provided to him in the interview that illustrated consistently poor performance in checkpoint screening detected by auditors from FAA/DoTIG/ and Red Teams. He stated that it sounded like an "emotional issue" that people below him might understand, but that he is not the person to talk to.

[U] Studdert did not respond to the fact that many of the shortcomings of checkpoint screening were presented in public hearings before Congress. He suggested that the commission talk with Ed Soliday about these issues and that if after doing so we weren't happy he would talk to us again.

Security Fines

[U] Studdert said his attitude toward FAA fines was that they were unacceptable to him. He said fines were meted out because the world isn't perfect but you use them as a tool to stay focused. The board needed to know about expenses (including fines) above a certain amount, but given the cost of the fines for such a large company it wasn't a major issue.

General Security Issues

[U] In his capacity, Studdert said he thought of the following issues when considering "security" -- major contracts to provide security services; violence in the workplace; air rage and individuals known by UAL to be a behavior problem on flights; and oversight of security at airports. These were all issues that Soliday oversaw. Ticket fraud, however, was not handled by Soliday/security. A different unit at United handled the issue. The operations unit handled computer security.

COMMISSION SENSITIVE

Studdert was asked if UAL's insurance companies took much of an interest in security. He said he wasn't involved in that.

[U] He indicated that he could think of no FAA-required security measures that he considered to be unnecessary or without value. He cited several safety and security related measures implemented by UAL that were not required by the FAA. As examples he cited UAL's CTX purchase and a couple of cockpit enhancements that were not required by FAA but implemented by UAL nevertheless.

Financial transactions

[U] Studdert was not aware of any strange financial transactions involving United Airlines stock prior to 9-11 that suggested someone with foreknowledge was intending to cash-in on the plot.

9-11:

[U] Studdert became aware that the North Tower of the WTC was hit by an American Airlines flight before 8:00 a.m. (CDT). Bill Roy called from the SOC and informed his secretary of the incident. She passed the information to Studdert.

[U] Studdert's first reaction was that it couldn't have been American Airlines because that wasn't an ordinary flight route. As he walked over to the operations center, he remembers thinking, "those poor bastards down in Dallas; what are they going to do?"

[U] When he got to the SOC, he saw the Tower on fire on the large monitor. Someone informed him that they were unable to find UAL Flight 175. At some point after receiving this information, he was told that a star-fix call had come into UAL San Francisco facility from a flight attendant stating that "crew had been stabbed."

[U] When the second plane hit, he wasn't sure it was a UAL flight because the screen clarity wasn't good enough to see. He recalls that American was saying it was their aircraft. He remembers that Craig Parfitt of AAL and Mike Barber of UAL were talking back and forth.

[U] Studdert stated that UAL had "exercised" the crisis center about 10 days prior to 9/11 simulating an engine failure on a flight over the Pacific.

[U] He remembers at some point learning that UAL had lost contact with its Flight 93, and that a few minutes after that (around 8:45 a.m. CDT) he ordered that UAL's fleet be grounded. He believes he made the decision to ground the fleet while he was still on the operations room floor. After making that decision he moved to the Crisis Center. He believes that he ordered UAL's fleet grounded before the FAA made the decision to ground all flights.

COMMISSION SENSITIVE

[U] He remembers that various rumors were being dealt with, including one call from someone alleging to be the spouse of a flight attendant onboard an inbound flight from Europe saying that it had been hijacked. After making inquiries they found that this was not an accurate report. They chased down and sweated these rumors until all the airplanes were grounded. He believes that some of these rumors were intentional hoaxes.

[U] Studdert does not remember any discussion of reverse screening the passengers on flights grounded on 9-11. He remembers dealing with the issues associated with UAL's scattered fleet, of how to get people back to their destination points, and issues related to getting the system up and running again.

[U] Studdert remembered listening in as a "non-participant" in several of the ATA conference calls on the response to 9-11, but he does not recall the specific taskings that were discussed. He does remember thinking that the order to take small knives away from pilots, who had previously been ordered to carry them (for repair work presumably), was insignificant.

[U] He couldn't remember if UAL put any teams together to deal with security. He remembers that UAL had to deal with the families and the loss of two airplanes.

Weapons and tactics

[U] He doesn't remember hearing anything about guns and jump seats being used in the plot.

Recommendations:

[U] Studdert disapproves arming pilots with firearms. UAL spent \$2 million to buy tasers ahead of the curve, but the FAA would not approve their use. He envisions a situation in which hijackers start killing passengers and the pilot will come out of the cockpit with his firearm, providing both a weapon and cockpit access to terrorists.

[U] He said that Federal Air Marshals are fine and they keep terrorists off balance.

[U] Aircraft cargo needs more aggressive screening and container ships represent a danger that should be addressed.

[U] He thought that one way to address bombs is to set up a process where everything got swiped as it went by in an in-line process.

[U] He does not see much of a threat from general aviation because a Piper Cub is too small to represent much of a danger.

[U] Studdert sees the current aviation security system as very transparent which he said greatly disturbs him. For instance, during his tenure at UAL he never knew what the criteria for CAPPs I was. Only three people at the Airline knew. Now, everyone knows

COMMISSION SENSITIVE

how the selection process works. Whether or not it is random, our countermeasures and security procedures can't be on the front of the New York Times every morning.

[U] The intelligence community needs to communicate vital information to the people in charge of securing the airlines.