

Autoliv

January 29, 2004

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Via Facsimile (301-415-2279) and Courier

Re: Divestiture Plan Regarding Indirect Transfer of the Aerotest Radiography and
Research Reactor (ARRR)

Dear Gentlemen:

On behalf of Aerotest Operations, Inc., I hereby present our proposed divestiture plan for the ARRR as requested by your October 7, 2003 letter.

The background for the divestiture plan can be summarized as follows. Aerotest Operations, Inc. ("Aerotest"), a California corporation incorporated in 1981, is and has been a wholly owned subsidiary of OEA Aerospace, Inc. (California 1961) ("OEA Aerospace"). OEA Aerospace in turn is and has been a wholly owned subsidiary of OEA, Inc. (Delaware 1957) ("OEA"). Until May of 2000 OEA was a publicly held corporation traded on the New York Stock Exchange. In April 2000, a public tender offer was made for all outstanding shares of OEA, and those shares were acquired in May 2000 by Autoliv ASP, Inc. (Indiana 1989) ("ASP"). ASP is a wholly owned subsidiary of Autoliv, Inc., a U.S. corporation incorporated in the state of Delaware and publicly traded on the New York Stock Exchange ("ALV"). As of its most recent annual report, there were in excess of 60,000 shareholders of the company, the largest five of which were U.S. mutual funds or U.S. institutional investors. These largest five shareholders held approximately 40% of the stock of the company. The company estimates that half of its shares are held in the U.S. and a quarter of the shares are held in Sweden. The

United States Nuclear Regulatory Commission Official Hearing Exhibit		
In the Matter of: AEROTEST OPERATIONS, INC. (Aerotest Radiography and Research Reactor)		
	ASLBP #:	14-931-01-LT-BD01
	Docket #:	05000228
	Exhibit #:	NRC-011-00-BD01
	Admitted:	8/12/2014
	Rejected:	
	Other:	
	Identified:	8/12/2014
	Withdrawn:	
	Stricken:	

majority of the remaining shares are held in the United Kingdom and Central Europe. The ALV Board of Directors includes 4 U.S. citizens, 4 Swedish citizens and one member from each of Japan, Germany and Mexico. All are or have been executive officers of U.S. and international corporations, and individual members also serve as directors of such companies as McDonald's Corp., Dow Chemical, Armstrong World Industries, Siemens and Morton International. Neither the Board of Directors nor the executive management of ALV participates in or directs the activities of Aerotest.

In a letter dated April 14, 2000, Aerotest informed the NRC of the anticipated purchase of the shares of OEA by ASP. Subsequent to that letter, Aerotest has responded to various questions and requests for information concerning the ownership and management issues. We have consistently indicated our belief that the ownership structure described above does not constitute foreign ownership, control or domination of Aerotest. The NRC, by letter of October 7, 2003 indicated their disagreement with that analysis and the need for Aerotest to create a divestiture plan. While Aerotest is submitting the following proposal in response to the Commission's determination, we would also respectfully request that the Commission reexamine its determination and the need for such a divestiture plan.

Since early 2002, OEA has actively engaged in negotiations for the sale of the Aerotest business operation. Those discussions have continued through the date of this letter and, as disclosed in our letter to the commission of December 4, 2003, have involved separate discussions with two possible purchasers. Unfortunately, based on the small revenues generated by Aerotest and the need to account for future decommissioning liabilities, it does not appear that a sale will be consummated with either potential buyer. Therefore, in the context of the commissions requirement for a full or partial divestiture, while our preferred path remains a full divestiture of the business (which we will continue to pursue) Aerotest would propose a partial divestiture plan under which within 180 days it will attempt to identify an appropriate person or entity for the transfer of between 1% and 5% of the ownership of Aerotest. In conjunction with such a partial divestiture, we would propose a negation plan whereby: 1) The president of Aerotest or any officers of Aerotest having direct responsibility for the control of, and any employees of Aerotest having direct custody of special nuclear material (as defined in the Atomic Energy Act of 1954, as amended) stored, used, or produced at the ARRR facility, shall be citizens of the United States; 2) Aerotest alone shall be responsible for the custody and control of such special nuclear material, and the officer of Aerotest in charge of such special nuclear material shall report directly to the president of Aerotest; 3) The president of Aerotest shall be charged with the responsibility and have the exclusive authority (either acting directly or through persons designated by and reporting directly to him) of insuring that the business and activities of Aerotest shall at all times be conducted in a manner which shall be consistent with the protection of the common defense and security of the United States; 4) Aerotest will promptly notify the commission of any economic, financial or other circumstances that may adversely affect Aerotests ability to discharge its responsibilities under the Atomic Energy Act, NRC rules and regulations and the terms of the license.

We hope that the foregoing proposal can form the basis of the divestiture plan contemplated by the Commission. Of course we remain available to answer any questions you may have and to schedule such further discussions as the Commission deems necessary.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mr. Anderson", with a long horizontal flourish extending to the right.

Michael S. Anderson
Vice President for Legal Affairs
and General Counsel

I hereby certify under oath that the statements herein contained are true and correct to the best of my knowledge and belief.

A handwritten signature in black ink, appearing to read "Mr. Anderson", with a long horizontal flourish extending to the right.

Michael S. Anderson

Docket No. 50-228
License No. R-98