

October 7, 2003

Mr. Mike Anderson, General Counsel
Autoliv
1320 Pacific Drive
Auburn Hills, Michigan 48326

Mr. Ray R. Tsukimura, President
Aerotest Operations, Inc.
3455 Fostoria Way
San Ramon, CA 94583

SUBJECT: DIVESTITURE PLAN REGARDING INDIRECT TRANSFER OF THE
AEROTEST RADIOGRAPHY AND RESEARCH REACTOR (ARRR) TO
AUTOLIV ASP, INC., AND AUTOLIV, INC. (TAC NO. MB1977)

Dear Gentlemen:

This letter confirms the NRC staff's telephone conversation with you on the ultimate ownership of the ARRR by Autoliv, Inc. As the staff explained to you during the telephone conference on September 11, 2003, foreign ownership, control, or domination of licensees for Part 50 facilities within the meaning of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.38, is prohibited. Guidance on the degree to which licensees may be subject to some foreign ownership or control without violating the preceding Act and regulation is contained in the "Final Standard Review Plan on Foreign Ownership, Control, or Domination," which was published in the *Federal Register* on September 28, 1999 (64 FR 52355).

Based on the facts of this case, the Commission has determined that you are to develop a plan for full or partial divestiture to ensure the ARRR is not wholly owned, directly or indirectly, by Autoliv, Inc. As the staff discussed with you, full or partial divestiture of the ARRR from Autoliv, Inc. could be used to meet this objective. Partial divestiture could either include partial divestiture of a company that is part of the Autoliv, Inc. — Aerotest Operations, Inc. corporate structure, partial divestiture of an ownership share in the ARRR, or both, so that the facility is not wholly owned by Autoliv, Inc. For partial divestiture, a negation action plan as described in the standard review plan is required for review.

Please submit an outline of how you plan to proceed to address this issue within 45 days of the date of this letter. In accordance with 10 CFR 50.30(b), your response must be executed in a signed original under oath or affirmation. Following receipt of your divestiture plans, we will contact you for the next appropriate step.

Should you have any question concerning this request, please contact Mr. Marvin Mendonca at 301-415-1128 or Mr. Steve Horn at 301-415-1537.

Sincerely,

/RA by John Gillespie Acting for/

David B. Matthews, Director
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

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

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