Rec'd 4-24-01

AEROTEST OPERATIONS, INC.

3455 FOSTORIA WAY • SAN RAMON, CA 94583 • (925) 866-1212 • FAX (925) 866-1716

9 April 2001

Mr. Ledyard B. Marsh
Events Assessment, Generic Communications
And Non-Power Reactors Branch
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Mail Stop (O-12 D-1)
Washington, D. C. 20555-0001

"Application" (see Nov. 13, 2000 letter)

Re: Docket No. 50-228, License No. R-98
Letter dated 18 October 2000, "Transfer of Ownership"

Dear Mr. Marsh:

The following information is intended to supplement my letter to you of November 13, 2000

License number R-98 as amended on October 22, 1974 covers the Aerotest Radiography and Research Reactor ("ARRR") issued to Aerotest Operations, Inc., a wholly-owned subsidiary of Explosive Technology, Inc., itself a wholly-owned subsidiary of OEA, Inc. Subsequent to the amendment date, Explosive Technology, Inc. changed it's name (although there was no change to the corporate entity) to OEA Aerospace, Inc.

Effective May 9, 2000, all of the outstanding shares of the stock of OEA, Inc. (which had been previously publicly traded) were acquired to Autoliv ASP, Inc., a Delaware Corporation and a wholly-owned subsidiary of Autoliv, Inc., likewise a Delaware Corporation. There have been no other changes in the ownership or structure of the relevant entities since the date of the Amendment and a summary of the current corporate structure is attached as Attachment 1. Please note that all of the companies included in the chain ownership are U. S. corporations.

Autoliv ASP, Inc., the parent company of OEA, Inc. (see Attachment 1) operates numerous manufacturing facilities in North America producing principally automotive safety products (airbags, seat belts, vehicle electronics and related components). Autoliv ASP, Inc. employs over 6000 persons in North America. All of its senior management (as well as all of the senior management of OEA, Inc., OEA Aerospace, Inc. and Aerotest Operations, Inc.) are U. S. citizens.

Autoliv, Inc., the parent company of Autoliv ASP, Inc., is a Fortune 500 company operating approximately 80 subsidiaries in 30 countries and employing more that 22,000 employees worldwide. As of the filing of the most recent annual report, Autoliv, Inc. had approximately 102,300 shares of stock outstanding and in excess of 60,000 shareholders (estimated). The Company estimates that approximately 1/3 of the shares of the Company are held in the U. S. At the time of its most recent annual report, the largest shareholder of Autoliv, Inc. (and the only shareholder controlling more that 5%) was Robur Funds of Sweden with 6.1%, followed by Franklin-Templeton Investment Council of the U. S. with 4.1%

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Based on the foregoing, Aerotest Operations, Inc. submits that the applicant is not owned, controlled or dominated by an alien, a foreign corporation or a foreign government within the meaning of 10CFR50.38 and 64FR 52355. All of the entities in the ownership chain of Aerotest Operations, Inc. are U. S. corporations. The ultimate parent company in the chain of ownership, Autoliv, Inc. (four levels of ownership above the applicant) is a multi-billion dollar publicly traded company with over 60,000 shareholders aroung the world, the largest shareholder controlling only 6% of the company's stock.

Pursuant to 10CFR 50.33 (f) (2) concerning financial qualifications, Aerotest Operations, OEA, Inc. and Autoliv ASP, Inc. are amply qualified to own and operated the ARRR facility. Financial data for the last four years and projections for the next five years are contained in the Aerotest Operations Business Plan for FY2001 (See Attachment 2). Autoliv's financial data is contained in Attachment 3.

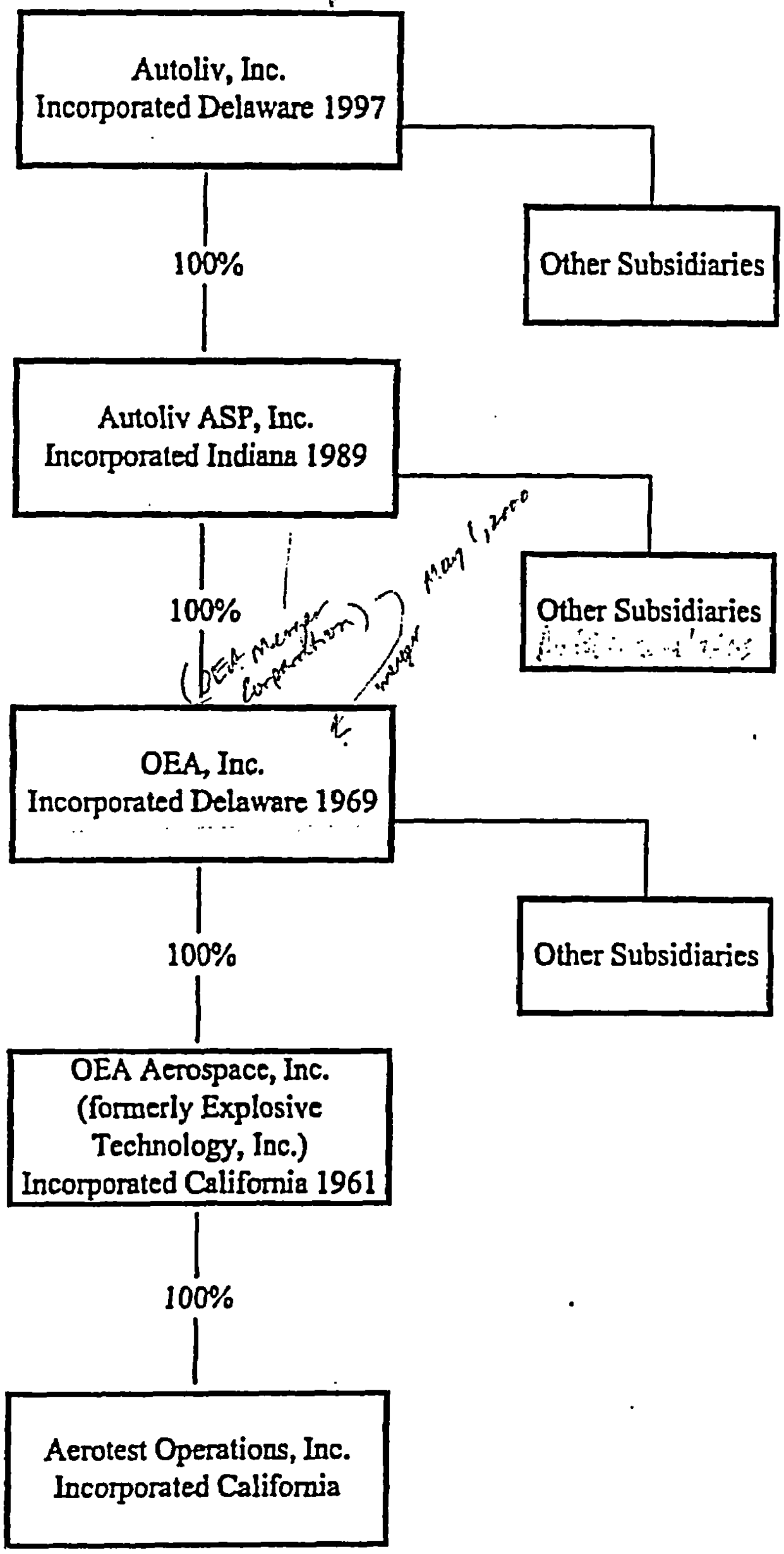
Decommissioning funding assurance required by 10CFR50.75 will be provided by Autoliv ASP, Inc. The exact sum is being reevaluated and is expected to be less the $4 million. ? 3 tiers up

Aerotest Operations, Inc. is committed to the safe operation of ARRR and is working towards relicensing the ARRR in April, 2005. Aerotest Operations requests that Attachment 2, "Aerotest Operations, Inc. Business Plan for Fiscal Year 2001" be considered as proprietary information and be excluded from public exposure. If you have any questions, please contact Ray Tsukimura at 925-866-1212.

Very truly yours,

Ray R. Tsukimur
President

Attachment 1



- News
- This Is Autoliv
- Products
- R&D
- Worldwide
- Financial Info
- Summary
  - Definitions
  - Quarterly Reports
  - Dividends
  - Annual Reports
  - Proxies
  - SEC Filings
- Library
- Search
- Contact
- Job Opportunities
- Links
- Home

Summary

U.S. $ million (Except share data)	Autoliv Inc.			Autoliv AB	
Sales and Income	**1999**	**1998**	**1997***	**1996***	**1995**
Airbag sales	2,715	2,417	2,317	2,287	682
Seat belt sales	1,097	1,072	940	917	750
Total sales	3,812	3,489	3,257	3,204	1,432
Operating income	369	354	356	346	129
Income before taxes	330	312	317	300	142
Net income	200	188	185	174	91
Financial position					
Current assets, excl. cash	1,062	1,013	822	819	400
Property, plant & equipment	835	869	727	693	198
Intangible assets (mainly goodwill)	1,596	1,649	1,694	1,593	7
Non-interest bearing liabilities	860	870	813	705	410
Capital employed	2,527	2,549	2,350	2,325	257
Working capital	202	143	9	114	-10
Net debt/(cash)	596	703	646	704	-113
Shareholders' equity	1,931	1,846	1,704	1,621	379
Total assets	3,647	3,668	3,430	3,254	837
Long-term debt	470	629	612	763	15
Per share data (adj. for 2:1 split in 1996)					
Earnings ($)	1.95	1.84	1.81	1.69	1.66
Dividend ($)	.44	.44	.42	.41	.32
Equity ($)	18.88	18.05	16.67	15.77	6.89
Shares outstanding (million)	102.3	102.3	102.2	102.8	55.0
Ratios					
Gross margin, %	21.2	21.4	22.1	21.2	19.7
Operating margin, %	9.7	10.2	10.9	10.8	9.0
Pretax margin, %	8.6	9.0	9.7	9.4	9.9
Return on capital employed, %	14.6	14.4	15.4	15.0	52.0
Return on shareholders' equity, %	10.6	10.6	11.1	10.7	28.0
Equity ratio, %	53.0	50.3	49.7	49.8	45.2
Net debt equity ratio, %	30.9	38.1	37.9	43.4	-29.8
Interest coverage ratio, times	7.0	6.6	6.7	6.5	54.0
Other data					
Cash provided by operations	436	314	441	352	160
Capital expenditures	261	285	216	270	99
Cash after oper.& investing act.	181	6	180	14	12
Number of employees, Year-end	22,580	20,670	17,840	15,330	6,670

*) Pro Forma

Autoliv

To top

CONSOLIDATED STATEMENT OF INCOME

(Dollars and shares in millions, except per share data)		1999	1998	1997[1]
			Years ended December 31	
Net sales		$3,812.2	$3,488.7	$2,739.6
Cost of sales		(3,005.4)	(2,741.2)	(2,152.6)
Gross profit		**806.8**	**747.5**	**587.0**
Selling, general and administrative expenses		(176.8)	(158.5)	(131.9)
Research and development expenses		(197.3)	(176.2)	(136.6)
Write-off of acquired R&D		–	–	(732.3)
Amortization of intangibles, primarily goodwill		(64.1)	(61.5)	(43.1)
Other income, net		–	2.8	3.9
Operating income (loss)		**368.6**	**354.1**	**(453.0)**
Equity in earnings of affiliates		4.6	6.4	9.5
Interest income		11.3	8.0	5.6
Interest expense		(54.8)	(56.0)	(39.4)
Income (loss) before income taxes		**329.7**	**312.5**	**(477.3)**
Income taxes	Note 4	(132.0)	(123.9)	(99.1)
Minority interests in subsidiaries		2.2	(0.3)	(3.2)
Net income (loss)		**$199.9**	**$188.3**	**$(579.6)**
Earnings (loss) per common share – and earnings (loss) per common share assuming dilution		$1.95	$1.84	$(6.70)
Number of shares used in computing per share amount		102.4	102.3	86.5
Number of shares outstanding		102.3	102.3	102.2

See Notes to Consolidated Financial Statements

[1] Autoliv AB and subsidiaries for period on and prior to April 30, 1997; Autoliv, Inc., for May 1 to December 31, 1997.
For pro forma statement refer to the 1997 annual report.

CONSOLIDATED BALANCE SHEET

(Dollars in millions)		Years ended December 31 1999	1998
ASSETS			
Cash and cash equivalents		$119.2	$118.5
Receivables, net of allowances of $8.9 and $9.5 million, respectively		709.6	664.2
Inventories	Note 5	274.0	264.9
Refundable and deferred income tax benefit	Note 4	35.8	43.1
Prepaid expenses		42.9	41.1
Total current assets		1,181.5	1,131.8
Property, plant and equipment, net	Note 7	834.6	868.6
Investments and other receivables	Note 6	34.7	18.6
Intangible assets, net (primarily goodwill)	Note 8	1,595.7	1,649.1
TOTAL ASSETS		$3,646.5	$3,668.1
LIABILITIES			
Short-term debt		$244.5	$192.6
Accounts payable		453.4	457.1
Accrued expenses		291.5	312.4
Other current liabilities		92.5	76.1
Income taxes	Note 4	22.7	24.5
Total current liabilities		1,104.6	1,062.7
Long-term debt	Note 10	470.4	628.6
Other non-current liabilities		131.5	116.2
Minority interests in subsidiaries		9.0	14.6
Total non-current liabilities and minority interests		610.9	759.4
SHAREHOLDERS' EQUITY			
Common stock (shares outstanding 102.3 million and 102.3 million)		102.3	102.3
Additional paid-in capital		1,941.5	1,940.0
Retained earnings (accumulated deficit) and accumulated other comprehensive income (loss)		(112.8)	(196.3)
Total shareholders' equity	Note 11	1,931.0	1,846.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$3,646.5	$3,668.1

See Notes to Consolidated Financial Statements

AEROTEST OPERATIONS, INC.
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ATTACHMENT TO:

BUSINESS PLAN

FOR

FISCAL YEAR 2001

BUSINESS PLAN

FOR

FISCAL YEAR 2001

I. OVERVIEW

The U. S. business scene seems relatively stable with inflation currently in check and manufacturing holding at a stable level. The only downside is the apparent downturn in consumer buying.

For those areas that affect Aerotest Operations, there is a downturn in defense spending, an upturn in the need for launch vehicles and a rebound of the Asian economies. This translates to the pyrotechnic sales being stable and an increase in the sale of aircraft engines.

Sales for FY2001 are estimated to be $2,200,000 with cost of sales of about $1,600,000 (72%). Net profit should be approximately $300,000 (14%). The revenue from the major business segments are 60% from turbine blades, 30% from pyrotechnics and 10% from the miscellaneous sector comprised of electronics, hardware and N-Ray classes.

II. Turbine Blades

The upturn in the Asian economies has spurred the sales of commercial aircraft for fleet expansion and replacement. While each aircraft sold will require two or more turbine engines, only the aircraft manufactured by Boeing will use GEAE or Pratt & Whitney engines. Airbus's smaller aircraft such as the A319/320 will use the CFM56 series of engines manufactured by the GEAE-Snecma partnership. Aerotest Operations performs neutron radiography on the turbine blades of the engines used above, searching for any residual core material.

The larger Airbus aircraft use European engines such as those manufactured by Rolls-Royce which do not use neutron radiography for residual core detection. Occasionally, Asian carriers will specify Rolls-Royce engines on Boeing-made aircraft.

In the future, if Airbus decides to build the A3XX, some erosion of sales of Boeing 747's may result in a possible reduction in the sale of U. S. made engines. However, the A3XX's will not be available for several years after the decision to proceed is finalized by Airbus.

The revenue from turbine blades will continue to be strong. An increase in N-Ray prices at the end of a five-year contract for one of our major turbine blade customers plus the anticipated growth of the market should result in an increase of 5% in gross sales to $ 1,300,000.

III. Pyrotechnics

The pyrotechnic market will see growth in the commercial (for oil exploration) and space markets. Military spending will decrease once again. The possible sale of OEA Aerospace with the added possibility of Aerotest Operations being separated from OEA Aerospace may bring back the three companies that use AO's service only in emergency situations.

The ambitious launch schedule of NASA for the Shuttle Program will require a substantial increase in pyrotechnic devices. Satellite launches are also multiplying and also will require more pyrotechnic hardware. The increase in crude oil prices and the reluctance of the OPEC nations to produce more crude will result in more exploratory and well rejuvenation. Explosives are a necessary element of both operations.

Sales in the pyrotechnic area should increase by 20% to $ 800,000.

IV Others

N-Rays for electronic and mechanical devices, miscellaneous N-Rays and revenue from N-Ray classes and N-Ray hardware should remain constant at $ 100,000.

V. Summary

Gross revenues for FY2001 are estimated to be $ 2,200,000 based on revenues of $ 1,300,000 from turbine blades, $ 800,000 from pyrotechnics and $ 100,000 from other sources. The cost of sales is projected at $ 1,600,000 for a gross margin of $600,000 and a net profit of $300,000 (14%). The five year plan is shown in Table I.

Table I

Five Year Estimates

	FY05	FY04	FY03	FY02	FY01	FY00	FY99	FY98	FY97
Gross revenues	$ 3100	2850	2600	2420	2200	2011	1930	1829	1516
Cost of Sales	2200	2000	1850	1700	1600	1523	1510	1447	1256
Gross Margin	900	850	750	720	600	488	420	382	259
Net Profit	450	420	390	360	300	245	208	191	121
%	15	15	15	15	14	12	11	10	8