

October 12, 2004

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Via Facsimile (301-415-2279)

Re: Divestiture Plan Regarding Indirect Transfer of the Aerotest Radiography and
Research Reactor (ARRR), Docket No. 50-228 License No. R-98

Gentlemen:

Pursuant to our earlier correspondence and discussions, the following is a report of Aerotest's activities in support of its divestiture plan. As a preliminary matter, I would like to report that Aerotest continues to meet the provisions of the negation plan proposed in my letter of January 29, 2004. All directors of Aerotest Operations, Inc., its parent company and the parent of its parent company continue to be U.S. citizens. No non-U.S. director of any company in the Autoliv family of companies has taken any role, no matter how minor, in the operations of Aerotest.

For the past several months, I have earlier reported to you on the interest in the business expressed by each of two customers of Aerotest. We have continued to actively pursue these potential partners inasmuch as the currently represent our best prospects for a divestiture of the business. Mr. Tsukimura, the President of Aerotest, has continued his dialogue with representatives of the two parties, and he reports that they both maintain their interest, although neither has undertaken any due diligence. We understand that other business activities that may have prevented at least one of these entities from focusing on the business have concluded, and we hope that concrete activities will finally begin. Of course it is impossible to predict when, if at all, a transaction could be completed with either of these two entities, and as we have previously discussed, we believe that the universe of potentially interested parties is very small. Therefore, for the present we have focused on these two opportunities.

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The Aerotest business remains very robust. In recent months, increased testing volumes for a defense contractor have had a significant positive impact on revenue. Currently, approximately 80% of Aerotest's testing services are related to government contracts, virtually all in the defense field.

We will continue to comply with the negation plan contained in my January 29, 2004 letter, and to report to you at 60 day intervals concerning progress on our divestiture plan. I would be happy to answer any question you may have about the foregoing. Please feel free to contact me at your convenience.

Very truly yours,



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

cc: R. Tsukimura