

December 22, 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.

I have reported in earlier correspondence, our divestiture efforts continue to focus two customers of Aerotest that have expressed an interest in evaluating a purchase of the business. Unfortunately, despite our inquiries, there has been no substantive progress since my last report. We have continued to actively pursue these potential partners inasmuch as they represent our best prospects for a divestiture of the business. Of course it is impossible to predict when, if at all, a transaction could be completed with either of these two entities. Given the small universe of potential buyers, we continue to view these as our best opportunities.

In parallel, we have begun to explore another avenue. In early December, representatives of Aerotest met with the offices of Senator Feinstein and Representative Pombo. The purpose of the meetings was to explain the ownership issue and seek any congressional

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assistance that might be available to resolve it. We plan for follow-up discussions after the first of the year.

The Aerotest business remained strong through December. Aerotest's testing services continue to be predominately 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