

March 3, 2005

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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. While we have continued to actively pursue these potential partners inasmuch as they represent our best prospects for a divestiture of the business, we continue to be frustrated that (according to their employees) the small size of the potential transaction has made it difficult to focus the resources necessary to move forward. We continue to view these as our best opportunities for divestiture, and will continue to pursue these opportunities.

In parallel, we have continued discussions with the offices of Senator Feinstein and Representative Pombo. In fact, representatives of Aerotest met with the office of Representative Pombo earlier this week. The purpose of the continuing discussions is to

explain the ownership issue and seek any congressional 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 February. 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,

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

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

cc: R. Tsukimura