

January 24, 2007

Marvin Mendonca
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Mail Stop 012-G13
Operational Experience and Non-Power Reactors Branch
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation
United States Nuclear Regulatory Commission
Washington, D.C. 20555-0001

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

Dear Mr. Mendonca:

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 divestiture 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.

To date, we have been unable to identify potential buyers of the business. Several months ago, two customers of Aerotest expressed an interest in evaluating a purchase of the business, however, neither company has moved forward with the process. We currently view the chances that a sale will be made to either company as remote. As a part of our continued divestiture efforts, we have assigned our Director of Business Development to formulate a plan for identifying and approaching potential acquirers.

Revenue and earnings for the Aerotest rose in 2006 compared with the prior year. Aerotest's testing services continue to be predominately related to government contracts, virtually all in the defense field, and in most cases Aerotest continues to be the only source of these testing services.

We will continue to comply with the negation plan contained in my January 29, 2004 letter. Although we have been unable to generate any realistic divestiture opportunities to date, it is our intention to continue our efforts to divest the business through the strategy outlined above. We would propose reporting our progress to you on a semiannual basis, unless a significant opportunity arises that would make earlier reporting useful. 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 stroke extending to the right.

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

cc: R. Tsukimura