

AUTOLIV INC
Form DEF 14A
March 23, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (as permitted by Rule 14a-6(e) (2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Autoliv, Inc.

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 23, 2009

DEAR STOCKHOLDER,

It is my pleasure to invite you to the 2009 Annual Meeting of Stockholders of Autoliv, Inc. to be held on Wednesday, May 6, 2009, at The Four Seasons Hotel, 120 East Delaware Place, Chicago, Illinois, 60611-1428, USA commencing at 9:00 a.m. local time.

Information regarding the matters to be voted upon at this year's Annual Meeting is contained in the Notice of Meeting and Proxy Statement on the following pages.

It is important that your shares are represented at the Annual Meeting. Therefore, please provide your proxy by following the instructions provided on the formal Notice of Meeting and Notice of Internet Availability of Proxy Materials previously sent to you. This way your shares will be voted as you direct even if you cannot attend the Annual Meeting.

A public news release covering voting results will be published after the meeting.

The Autoliv, Inc. Annual Report for the fiscal year ended December 31, 2008, is being made available to stockholders simultaneously with this Proxy Statement.

Sincerely,

Lars Westerberg
Chairman of the Board of Directors

AUTOLIV, INC.

Box 70381 SE-107 24

Stockholm, Sweden

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 6, 2009

TO THE STOCKHOLDERS OF AUTOLIV, INC.

NOTICE IS HEREBY GIVEN that the 2009 Annual Meeting of Stockholders of Autoliv, Inc. (Autoliv or the Company) will be held on Wednesday, May 6, 2009, commencing at 9:00 a.m. local time at The Four Seasons Hotel, 120 East Delaware Place, Chicago, Illinois, 60611-1428, USA, to consider and vote upon:

1. Election or re-election of four directors to the Board of Directors of Autoliv for a term of office expiring on the date of the Annual Meeting of Stockholders in 2012 (see page 4 of the accompanying Proxy Statement).
2. Ratification of the appointment of Ernst & Young AB as the Company's independent auditors for the fiscal year ending December 31, 2009 (see page 58 of the accompanying Proxy Statement).
3. Approval of the Company's Amended and Restated 1997 Stock Incentive Plan (see page 60 of the accompanying Proxy Statement).
4. Any other business that may properly come before the Annual Meeting or any continuation, postponement or adjournment thereof.

The Board of Directors has fixed the close of business on March 9, 2009, as the record date for the Annual Meeting. All stockholders of record at the close of business on that date are entitled to notice of, and to be present and vote at, the Annual Meeting and at any continuation thereof.

Attendance at the Annual Meeting will be limited to stockholders of record, beneficial owners of Company common stock entitled to vote at the Annual Meeting having evidence of ownership, a maximum of one authorized representative of an absent stockholder, and invited guests of management. Any person claiming to be an authorized representative of a stockholder must, upon request, produce written evidence of such authorization.

The meeting will be conducted pursuant to the Company's By-Laws and rules of order prescribed by the Chairman of the Annual Meeting.

By order of the Board of Directors

Lars Sjöbring

Vice President for Legal Affairs,

General Counsel and Secretary

AUTOLIV, INC.

Box 70381 SE-107 24

Stockholm, Sweden

PROXY STATEMENT

INFORMATION CONCERNING VOTING AND SOLICITATION

Availability of Proxy Materials on the Internet

Our Board of Directors (the Board) has made this Proxy Statement and the Company's Annual Report for the year ended December 31, 2008, available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the Board's solicitation of proxies for use at our Annual Meeting of Stockholders, to be held on Wednesday, May 6, 2009, commencing at 9:00 a.m. local time at The Four Seasons Hotel, 120 East Delaware Place, Chicago, Illinois, 60611-1428, USA, and at any adjournment thereof (the 2009 Annual Meeting or the Annual Meeting).

General

The date of this Proxy Statement is March 23, 2009, the approximate date on which this Proxy Statement, Proxy Card and the Annual Report for the fiscal year ended December 31, 2008, including financial statements, are first being made available on the Internet to stockholders entitled to vote at the Annual Meeting.

Who Can Vote

You are entitled to vote if you were a stockholder of record of our common stock as of the close of business on March 9, 2009 (the Record Date). Your shares may be voted at the Annual Meeting only if you are present in person or represented by a valid proxy.

Shares Outstanding and Quorum

At the close of business on the Record Date, 70,374,516 shares of our common stock were outstanding and entitled to vote. A majority of the shares of our common stock outstanding on the Record Date, present in person or represented by proxy, will constitute a quorum at the Annual Meeting.

How to Vote

If you are a stockholder of record, you may vote by proxy on the Internet or by telephone by following the instructions provided in the Notice of Internet Availability of Proxy Materials sent previously to you. If you requested printed copies of the proxy materials by mail, or have printed a proxy card, you may also vote by completing and mailing a

printed proxy card. You may also vote in person at the Annual Meeting.

If you are a beneficial owner of shares held in a street name, please refer to the instructions provided by your bank, broker or other nominee for voting your shares. If you wish to vote in person at the Annual Meeting, you must obtain a valid proxy from the organization that holds your shares and have proof of ownership of our common stock as of the Record Date.

Voting of Shares

The shares represented by all properly executed and unrevoked proxies received in proper form in time for the Annual Meeting will be voted. Each stockholder is entitled to one vote for each share of common stock held on the Record Date. If you properly complete your proxy form and send it to the Company in time to vote, your proxy (one of the individuals named in the proxy form) will vote your shares as you have directed. If you sign the proxy form but do not make specific choices, your proxy will vote your shares as recommended by the Board to elect the director nominees listed in Election of Directors, for the ratification of the appointment of Ernst & Young AB as the Company's independent auditors, and for the approval of the amended and restated 1997 Stock Incentive Plan. If any other matter is presented, your proxy will vote in accordance with his best judgment, to the extent permitted by applicable law and the listing rules of the New York Stock Exchange. As of the date of this Proxy Statement, the Company is not aware of other matters to be acted on at the Annual Meeting other than those matters described in this Proxy Statement. Any proxy given may be revoked at any time before it is voted at the Annual Meeting.

Holders of Autoliv's Swedish Depository Receipts (SDRs) are entitled to vote the shares of common stock underlying the SDRs at the 2009 Annual Meeting as if they held the common stock of the Company directly. If a Holder of SDRs does not give the depository, Skandinaviska Enskilda Banken AB (publ) (SEB), instructions on how to vote such shares and does not attend the meeting to vote the shares in person, then, pursuant to the Custodian Agreement between the Company and SEB, SEB will vote the shares in the same proportion as all other shares in the Company that are being voted at the 2009 Annual Meeting.

Shares held by persons attending the Annual Meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker non-votes will be counted as present for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received voting instructions from the beneficial owner and does not have discretionary authority to vote the shares. Brokers generally have discretionary authority to vote on Item 1 and Item 2 to be considered at the Annual Meeting as set forth below. Brokers do not have discretionary authority to vote on Item 3 and therefore, broker non-votes will not be counted with regard to Item 3.

- Item 1: Directors will be elected by a plurality of the votes of the shares present at the meeting in person or by proxy and entitled to vote thereon. Votes withheld as to one or more nominees will not be counted as votes cast for such individuals.

Item 2: The ratification of the selection of Ernst & Young AB requires the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter. Abstentions will have the same effect as votes against the ratification. Although brokers have discretionary authority to vote on the ratification, if a broker submits a non-vote, it will not be counted for purposes of the ratification.

Item 3: The approval of the amended and restated 1997 Stock Incentive Plan requires the affirmative vote of a majority of votes cast on the amendment, provided that the total of votes cast on the proposal for the amended and restated 1997 Stock Incentive Plan represents over 50% of the total outstanding shares of common stock.

Any other proposal brought before the Annual Meeting will be decided by a majority of votes represented at the meeting and entitled to vote on the matter. Consequently, abstentions will have the same effect as votes against the matter, and broker non-votes will not be counted for purposes of determining whether a proposal has been approved.

Principal Executive Offices

The principal executive offices of the Company are located at World Trade Center, Klarabergsviadukten 70, SE-111 64 Stockholm, Sweden. The Company's telephone number is +46 8 587 20 600.

Solicitation of Proxies

The Company will bear the cost of the solicitation of proxies. In addition to solicitation over the Internet and by mail, the Company will request banks, brokers and other custodian nominees and fiduciaries to supply proxy materials to the beneficial owners of the Company's common stock of whom they have knowledge, and will reimburse them for their expenses in so doing. Certain directors, officers and other employees of the Company, not specially employed for the purpose, may solicit proxies, without additional remuneration, by personal interview, mail, telephone, facsimile or electronic mail.

In addition, the Company has retained Georgeson Inc. to assist in the solicitation for a fee of \$12,000 plus expenses and Euroclear Sweden AB for a fee of SEK 140,000, or approximately \$16,900, plus expenses.

ITEM 1

ELECTION OF DIRECTORS

The Company's By-Laws provide that the size of the Board shall be fixed from time to time exclusively by the Board. The Board presently consists of thirteen members, divided into three classes of the same or nearly the same number serving staggered three-year terms. The Board anticipates that following the Annual Meeting, it will reduce the size of the Board from thirteen to twelve members. Directors in each class are elected on a rotating basis at the annual meeting of stockholders at which the term for such class expires.

Listed below as nominees for election or re-election at the 2009 Annual Meeting are Mr. George A. Lorch, Mr. James M. Ringler, Mr. Kazuhiko Sakamoto and Dr. Wolfgang Ziebart, whose present terms will expire at that time. If re-elected at the Annual Meeting, each would serve until the 2012 annual meeting of stockholders and until his successor is elected and qualified, or until his earlier retirement, resignation, disqualification, removal or death. Mr. Per Welin, whose term expires at the 2009 Annual Meeting, has informed the Company that he wishes to retire and will not seek or accept re-election.

If any nominee should become unavailable for election prior to the Annual Meeting, an event that currently is not anticipated by the Board, the proxies will be voted in favor of the election of a substitute nominee or nominees proposed by the Board or the number of directors may be reduced accordingly. Each nominee has agreed to serve if re-elected, and the Board has no reason to believe that any nominee will be unable to serve.

Nominees for Directors at the 2009 Annual Meeting

George A. Lorch, age 67, has been a director of Autoliv since June 2003. Mr. Lorch has been Chairman Emeritus of Armstrong Holdings, Inc., a global company that manufactures flooring and ceiling materials, since 2000. From May 2000 to August 2000, he was Chairman and Chief Executive Officer of Armstrong Holdings, Inc. He was Chairman of Armstrong World Industries, Inc. from 1994 to 2000, its President and Chief Executive from 1993 to 2000 and a director from 1988 to 2000. Mr. Lorch serves on the Boards of Directors of Pfizer, Inc., Williams Companies, Inc., HSBC North America Holding Company and HSBC Finance Co., the non-public, wholly owned subsidiaries of HSBC LLP. Mr. Lorch holds a Bachelor of Science degree in business administration from the Virginia Polytechnic Institute.

James M. Ringler, age 63, has been a director of Autoliv since January 2002. He was, prior to his retirement, Vice Chairman of Illinois Tool Works Inc. between 1999 and 2004. Prior to joining Illinois Tool Works, Mr. Ringler was Chairman, President and Chief Executive Officer of Premark International, Inc., which merged with Illinois Tool Works in 1999. Mr. Ringler joined Premark in 1990 and served as Executive Vice President and Chief Operating Officer prior to becoming the Chief Executive Officer in 1996. He serves on the Boards of Directors of Dow Chemical Company, FMC Technologies, Inc., Corn Products International and he is the Chairman of the Board of Teradata Corporation. He also serves on

the Board of Directors of the Manufacturers Alliance for Productivity and Innovation. Mr. Ringler holds a Bachelor of Science degree in business administration and an M.B.A. degree in finance from the State University of New York.

Kazuhiko Sakamoto, age 63, was appointed a director of Autoliv in August 2007. Mr. Sakamoto is President of Marubeni Material Lease Co. Ltd., a company affiliated with Marubeni Corporation, one of Japan's leading general trading houses, operating import, export, offshore trading and investment activities in various business fields. Mr. Sakamoto also serves the Marubeni Corporation as a corporate advisor. He is also Executive Corporate Officer of Marubeni's Regional Coordination & Administration Department and Research Institute, as well as Advisor to Marubeni's President for Iron & Steel Strategies and Coordination Department. During his nearly 40-year career with Marubeni, Mr. Sakamoto has held several other key positions such as President and Chief Executive Officer of Marubeni America Cooperation. He graduated from the Keio University in 1968 and attended the Harvard University Research Institute for International Affairs in 1991-92.

Dr. Wolfgang Ziebart, age 59, has been a director of Autoliv since December 2008, and on February 17, 2009, Dr. Ziebart was appointed by the Board to the Audit Committee. Dr. Ziebart had a distinguished career within BMW beginning in 1997 which took him to the Board of Management, where he was responsible for R&D and Purchasing. In 2000, he became a Member of the Management Board of Continental AG, a major automotive supplier listed on the Frankfurt Stock Exchange. Between 2004 and 2008, he was President and CEO of Infineon Technologies AG, a global semiconductor and system solutions provider listed on the Frankfurt Stock Exchange. Dr. Ziebart holds a doctorate degree in mechanical engineering from the Technical University of Munich.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE FOUR NAMED
NOMINEES FOR DIRECTORS**

Directors Continuing in Office With Terms Expiring at the 2010 Annual Meeting

Robert W. Alspaugh, age 61, has been a director of Autoliv since June 2006. Prior to becoming a director of Autoliv, Mr. Alspaugh had a 36-year career with KPMG, including serving as the senior auditor for a diverse array of companies across a broad range of industries. He has worked with global companies both in Europe and Japan, as well as with those headquartered in the United States. Between 2002 and 2005, when he served as Chief Executive Officer of KPMG International, he was responsible for implementing the strategy of this global organization, which includes member firms in nearly 150 countries with more than 100,000 employees. Prior to this position, he served as Deputy Chairman and Chief Operating Officer of KPMG's U.S. practice. He graduated summa cum laude from Baylor University, Texas in 1970.

Walter Kunerth, age 68, has been a director of Autoliv since August 1998. Professor Kunerth is also a member of the Supervisory Board of Gildemeister AG and Chairman of the Supervisory Boards of Götz AG and Paragon AG. For more than 20 years, Professor Kunerth held various senior executive positions at Siemens AG in Germany, including as a member of

Siemens Corporate Executive Board (1993-97), President of Siemens Automotive Systems Group (1988-93) and head of Siemens Automotive Electronics Division. He holds a doctorate degree in Engineering from the University of Stuttgart and has been named Honorary Professor by the university.

Lars Nyberg, age 57, has been a director of Autoliv since October 2004. Mr. Nyberg is President and Chief Executive Officer of TeliaSonera, the leading Nordic and Baltic telecommunications company listed on the OMX Nordic Exchange, and Chairman of DataCard Corporation, a company dealing in secure ID and card personalization. Mr. Nyberg served as the Chairman and Chief Executive Officer of NCR Corporation from 1995 to 2003, and as non-executive Chairman of NCR Corporation between 2003 and 2005. He is a graduate in Business Administration from the University of Stockholm.

Lars Westerberg, age 60, has been a director of Autoliv since February 1999 and was President and Chief Executive Officer of Autoliv between February 1999 and April 2007. When Mr. Westerberg retired as President and Chief Executive Officer in April 2007, he was appointed Chairman of Autoliv. Prior to assuming his positions with Autoliv, he had since 1994 been the President and Chief Executive Officer of Granges AB, a Swedish-based aluminum and plastics company. From 1991 to 1994, he held the same positions at the publicly-traded welding company Esab AB. He started his employment at Esab in 1984 and held several executive positions, including President of Esab's North American subsidiary. He is the Chairman of the Board of Directors of Husqvarna AB, a Swedish outdoor products manufacturer, and Vattenfall, Europe's fifth largest electricity producer, which is wholly owned by the Swedish state. Mr. Westerberg is a director of SSAB, a Swedish steel company; and AB Volvo, the Swedish transportation manufacturer. Granges AB, Husqvarna AB, SSAB, and AB Volvo are listed on the OMX Nordic Exchange. Mr. Westerberg holds a Master of Science degree in Electrical Engineering from the Royal Institute of Technology (KTH) and is a graduate in Business Administration from the University of Stockholm.

Directors Continuing in Office With Terms Expiring at the 2011 Annual Meeting

Jan Carlson, age 48, was appointed a director of Autoliv on May 2, 2007 after becoming President and Chief Executive Officer of Autoliv on April 1, 2007. Mr. Carlson joined Autoliv in 1999 as President of Autoliv Electronics and held that position until April 2005, when he became Vice President for Engineering of Autoliv and a member of the Company's Executive Committee. Prior to joining Autoliv, Mr. Carlson was President of Saab Combitech, a division within the Saab aircraft group specializing in commercializing military technologies. Mr. Carlson has a Master of Science degree in Physical Engineering from the University of Linköping, Sweden.

Sune Carlsson, age 67, has been a director of Autoliv since June 2003. Mr. Carlsson previously served as the President, Chief Executive Officer and director of AB SKF, a listed Swedish-based supplier of products, customer solutions and services in the rolling bearing, seals and related businesses. Prior to that, Mr. Carlsson held several executive positions in Asea and its successor ABB in Switzerland. Mr. Carlsson is Chairman of the Board of Atlas

Copco AB, a Swedish-based industrial company. Mr. Carlsson also serves on the board of Investor AB, Sweden's largest industrial holding company and the board of Stena AB, a Swedish company involved in shipping and ferry operations, property, finance and off-shore drilling. Atlas Copco AB and Investor AB are listed on the OMX Nordic Exchange. Mr. Carlsson holds a Master of Engineering Degree from the Chalmers University of Technology in Gothenburg, Sweden.

William E. Johnston Jr., age 68, has been a director of Autoliv since December 2005. Until August 2004, Mr. Johnston served as a director and Chairman of the Supervisory Board of Salins Europe S.A., a privately-held producer and distributor of salt products in Europe. Mr. Johnston was President, Chief Operating Officer and a director of Morton International, Inc., a manufacturer of specialty chemicals and salt, from October 1995 until June 2000 when he retired. From June 1999 until June 2000, he was also Senior Vice President of Rohm & Haas Co., a Philadelphia-based specialty chemical company, which acquired Morton International, Inc. in 1999. Mr. Johnston had previously served at Morton in several executive positions, including Executive Vice President of Administration from 1993 until 1995, and President, Salt Group from 1984 until 1993. Since 1997, Mr. Johnston has served on the Board of Directors of Unitrin, Inc., a NYSE-listed insurance company. Mr. Johnston holds an M.B.A. from the University of Chicago.

S. Jay Stewart, age 70, has been a director of Autoliv since May 1997 and served as the Chairman of the Board from April 2001 until May 2007. Mr. S. Jay Stewart serves as Lead Director at meetings of the independent directors of the Board. He was Chairman and Chief Executive Officer of Morton International, Inc. from 1994 through 1999 and was a director of Morton between 1989 and 1999. Mr. Stewart was President and Chief Operating Officer of Morton International, Inc. from 1989 through March 1994. He is a director of KapStone Paper and Packaging Corp. Mr. Stewart holds a Bachelor of Science degree in Chemical Engineering from the University of Cincinnati and an M.B.A. from West Virginia University.

CORPORATE GOVERNANCE

Board Independence

The Board currently consists of thirteen members, eleven of whom are independent directors under the applicable rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC"). The Board expects that following the Annual Meeting the Board will consist of twelve members. The Board has determined that Messrs. Alspaugh, S. Carlsson, Johnston, Kunerth, Lorch, Nyberg, Ringler, Sakamoto, Stewart, and Welin and Dr. Ziebart qualify as independent directors under the above standards. In making its independence determinations, the Board reviewed information regarding transactions and relationships provided by the director, Company records and publicly available information. None of the independent directors have a relationship with the Company other than as a director and/or a stockholder.

Board Meetings

The Board met five times during the year ended December 31, 2008. All directors participated in more than 75 percent of the total number of meetings of the Board and committees on which they served.

Following the meetings of the full Board, the non-management directors met without management directors (*i.e.*, without Mr. J. Carlson) participating, for a total of five times in 2008. Mr. Westerberg chairs the executive sessions of the non-management directors. In addition, and as needed, the independent directors meet in executive sessions without the non-independent directors (*i.e.*, without Mr. Westerberg and Mr. J. Carlson) participating. As the Lead Director, Mr. Stewart chairs the executive sessions of the independent directors.

Corporate Governance Guidelines and Codes of Conduct and Ethics

The Board has adopted Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities.

The Board has further adopted a Code of Conduct and Ethics for Directors to assist the individual directors in fulfilling their duties as members of the Board. Since 1998, the Company has also had a Code of Conduct and Ethics that applies to all employees of the Company and the Company has had a Code of Conduct and Ethics for Senior Officers (the Code of Conduct and Ethics for Directors, Code of Conduct and Ethics for Senior Officers and Code of Conduct and Ethics that applies to all Company employees are collectively referred to as the "Codes").

The Company has adopted a written policy regarding related person transactions (the "Related Persons Policy"), which is incorporated in the Codes of Conduct and Ethics for Directors and for Senior Officers.

The Corporate Governance Guidelines, the Codes and the Related Persons Policy are posted on the Company's website at www.autoliv.com Who We Are Governance and can also be obtained in print by request from the Company using the contact details below.

Policy on Attending the Annual Meeting

Under the Corporate Governance Guidelines, the Company's policy is for directors to attend the Annual Meeting of Stockholders. All directors then in office participated in the 2008 Annual Meeting of Stockholders.

Related Person Transactions

The Company recognizes that related person transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the best interest of the Company and its stockholders. Accordingly, as a general matter, the Company prefers to avoid related person transactions. The Company recognizes, however, that certain situations may arise whereby related person transactions may not be deemed inconsistent with the best interest of the Company or its stockholders.

The Company's policy is that all related person transactions must be reviewed and approved or ratified by the Audit Committee. For the purposes of the Related Persons Policy, a Related Person Transaction is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and in which any Related Person (as defined in the Related Persons Policy) had, has or will have a direct or indirect interest. During 2008, no transactions took place that the Company deemed to require disclosure under Section 404(a) of Regulation S-K.

Communicating with the Board

Any stockholder or other interested party who desires to communicate with the Board, the independent directors, or the non-management directors regarding the Company can do so by writing to such person(s) at the following address:

Board/Independent Directors/Non-Management Directors

c/o Vice President Legal Affairs

Autoliv, Inc., Box 70381

SE-107 24 Stockholm, Sweden

Phone: +46 8 587 20608

Fax: +46 8 587 20633

E-mail: legalaffairs@autoliv.com

Communications with the Board, the independent directors or the non-management directors may be sent anonymously and are not screened. Such communications will be distributed to the specific director(s) requested by the stockholder or interested party to the

Board or to sessions of independent directors or non-management directors as a group, after it has been determined that the content represents a message to the intended recipient(s).

Committees of the Board

There are three standing committees of the Board: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board has determined that all Audit, Compensation and Nominating and Corporate Governance committee members qualify as independent directors under the applicable rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC.

The Audit Committee appoints, in its sole discretion but subject to stockholder ratification, the Company's independent auditors and is responsible for the compensation, retention and oversight of the work of the independent auditors and for any special assignments given to such auditors. The Audit Committee also reviews the annual audit and its scope, including the independent auditors' letter of comments and management's responses thereto; approves any non-audit services provided to the Company by its independent auditors; reviews possible violations of the Company's business ethics and conflicts of interest policies; reviews any major accounting changes made or contemplated; and reviews the effectiveness and efficiency of the Company's internal audit staff. In addition, the Audit Committee confirms that no restrictions have been imposed by Company personnel on the scope of the independent auditors' examinations. The Audit Committee is also responsible for the review and approval of Related Person Transactions. Members of this committee are Messrs. Alspaugh, (Chairman after August 19, 2008), Carlsson and Nyberg and Dr. Ziebart. The Audit Committee met eight times in 2008. Mr. Per Welin, who was the Chairman of the Audit Committee until August 19, 2008, and whose term as a director will expire at the 2009 Annual Meeting, retired from the Audit Committee on February 17, 2009, at which time the Board appointed Dr. Ziebart to fill the vacancy.

The Compensation Committee advises the Board with respect to the compensation to be paid to the directors and executive officers of the Company and is responsible for both advising the Board with respect to the terms of contracts to be entered into with the senior executives of the Company and approving such contracts. The committee also administers the Company's cash and stock incentive plan and reviews and discusses with management the Company's Compensation Discussion and Analysis (CD&A) included herein. Members of this committee are Messrs. Ringler (Chairman), Johnston, Lorch and Nyberg. The Compensation Committee met four times in 2008.

The Nominating and Corporate Governance Committee identifies and recommends individuals qualified to serve as members of the Board and assists the Board by reviewing the composition of the Board and its committees, monitoring a process to assess Board effectiveness, and developing and implementing the Company's Corporate Governance Guidelines. The Nominating and Corporate Governance Committee will consider stockholder nominees for election to the Board if timely advance written notice of such nominees is

received by the Secretary of the Company at its principal executive offices in accordance with the Company's By-Laws, a copy of which may be obtained by written request to the Company's Secretary or on the Company's website at www.autoliv.com Investors Governance Articles of Association. Members of this committee are Messrs. Stewart (Chairman), Johnston, Kunerth and Sakamoto. The Nominating and Corporate Governance Committee met three times in 2008.

Audit Committee Report

The Audit Committee of the Board is responsible for providing independent, objective oversight of the Company's accounting functions and internal controls.

The Audit Committee acts pursuant to a written charter first adopted and approved by the Board in 2000 and subsequently amended, most recently in February 2008. The committee's current charter is posted on the Company's website, www.autoliv.com Who We Are Governance, and can also be obtained free of charge in print by request from the Company using the contact information below. Each member of the Audit Committee is independent as defined in, and is qualified to serve on the committee pursuant to, the rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and the rules and regulations as promulgated by the SEC. Each member is financially literate and possesses accounting or related financial management expertise, and Messrs. Alspaugh, Nyberg and Welin have been determined by the Board to qualify as audit committee financial experts as defined by the SEC.

The Audit Committee reviews the Company's financial reporting process on behalf of the Board. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the 2008 Annual Report on Form 10-K with the Company's management and independent auditors. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent auditors are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States.

The Audit Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Company's independent auditors provided to the Audit Committee the written disclosures required by the Public Company Accounting Oversight Board's applicable requirements. The Audit Committee reviews and oversees the independence of the independent auditors. The Audit Committee concluded that the independent auditors' provision of non-audit services to the Company is compatible with the independent auditors' independence. In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the SEC.

The Audit Committee can be contacted regarding accounting, internal accounting controls, or auditing matters as follows:

The Audit Committee

c/o Vice President Legal Affairs

Autoliv, Inc., Box 70381

SE-107 24 Stockholm, Sweden

Phone: +46 8 587 20 608

Fax: +46 8 587 20 633

E-mail: legalaffairs@autoliv.com

Communications with the committee are not screened and can be made anonymously. The Chairman of the committee will receive all such communications after it has been determined that the contents represent a message to the committee.

Robert W. Alspaugh, Chairman

Sune Carlsson

Lars Nyberg

Per Welin

Nominating and Corporate Governance Committee Report

The Nominating and Corporate Governance Committee of the Board is responsible for identifying and recommending to the Board individuals qualified to serve as directors of the Company and on committees of the Board. The Nominating and Corporate Governance Committee further advises the Board on composition and procedures of committees, and is responsible for the development of the Company's Corporate Governance Guidelines and the oversight of the evaluation of the Board, its committees, and members of the Company's management.

The Nominating and Corporate Governance Committee acts pursuant to a written charter first adopted and approved by the Board in 2002 and subsequently amended in December 2003. A copy of the Charter is available on the Company's website at www.autoliv.com Who We Are Governance and can also be obtained free of charge in print by request from the Company using the contact information below. Each of the members of the committee is independent as defined in, and is qualified to serve on the committee pursuant to, the applicable rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC.

Late in 2008, Mr. Per Welin informed the Board that he wished to retire once a suitable replacement had been identified and that he would not stand for or accept re-election following the expiration of his current term. Dr. Wolfgang Ziebart was proposed to the Nominating and Corporate Governance Committee by a director of the Company as a suitable candidate to replace Mr. Welin. Having found that Dr. Ziebart had the necessary skills, experience and qualifications to fulfill the duties of a member of the Board, the Committee

proposed that he be appointed a member of the Board at its December 16, 2008 meeting, with an initial term ending at the 2009 Annual Meeting. At such meeting, Dr. Ziebart was elected a member of the Board and the Board also determined that Dr. Ziebart is independent as defined in the applicable rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and rules and regulations promulgated by the SEC.

The Committee has also considered and recommended that Messrs. Lorch, Ringler, Sakamoto and Dr. Ziebart be nominated for re-election by the stockholders at the Annual Meeting. Each director nominated for re-election is independent as defined in the applicable rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and rules and regulations promulgated by the SEC.

The Nominating and Corporate Governance Committee will consider a director candidate nominated by a stockholder provided that such nomination is submitted to the committee within the period set forth in Article II, Section 6 of the By-Laws of the Company. In considering candidates submitted by stockholders, the Nominating and Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. Qualifications of director candidates that are considered by the Nominating and Corporate Governance Committee include an attained position of leadership in the candidate's area of expertise, business and financial experience relevant to the Company, possession of demonstrated sound business judgment, expertise relevant to the Company's lines of business, independence from management, the ability to serve on standing committees and the ability to serve the interests of all stockholders.

The Nominating and Corporate Governance Committee identifies potential director nominees by asking current directors and executive officers to notify the committee if they become aware of persons meeting the criteria described above, who have had a change in circumstances that might make them available to serve on the Board—for example, retirement as a Chief Executive Officer or Chief Financial Officer of a public company or exiting government or military service. The Nominating and Corporate Governance Committee also, from time to time, engages firms that specialize in identifying director candidates. As described above, the Nominating and Corporate Governance Committee will also consider candidates recommended by stockholders. Once a person has been identified by the Nominating and Corporate Governance Committee as a potential candidate, the committee collects and reviews publicly available information regarding the person to determine whether further consideration should be given to the person's candidacy. If the Nominating and Corporate Governance Committee determines that the candidate warrants further consideration, the Chairman or another member of the committee will contact such person. Generally, if the person expresses a willingness to be considered and serve on the Board, the Nominating and Corporate Governance Committee requests information from the candidate, reviews the person's accomplishments and qualifications, including in light of the qualifications of any other candidates the committee might be considering, and conducts one or more interviews with the candidate. In certain instances, committee members may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have first-hand knowledge of the candidate's

accomplishments. The Nominating and Corporate Governance Committee's evaluation process does not vary based on whether a candidate is recommended by a stockholder.

The Nominating and Corporate Governance Committee can be contacted as follows:

The Nominating and Corporate Governance Committee

c/o Vice President Legal Affairs

Autoliv, Inc., Box 70381

SE-107 24 Stockholm, Sweden

Phone: +46 8 587 20 608

Fax: +46 8 587 20 633

E-mail: legalaffairs@autoliv.com

Communications with the committee are not screened and can be made anonymously. The Chairman of the committee receives all such communication after it has been determined that the content represents a message to the committee.

S. Jay Stewart, Chairman

William E. Johnston Jr.

Walter Kunerth

Kazuhiko Sakamoto

Compensation Committee Duties, Procedures and Policies

The Compensation Committee acts pursuant to a written charter first adopted and approved by the Board in 2002, and subsequently amended and adopted in December 2006. The Charter is posted on the Company's website at www.autoliv.com Who We Are Governance, and can also be obtained free of charge in print by request from the Company using the contact information below. Each member of the Compensation Committee has been determined by the Board to be independent as defined in, and is qualified to serve on the committee pursuant to, the rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC.

The Compensation Committee is responsible for an annual review of the Company's executive compensation plans in light of the Company's goals and objectives of such plans; to evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Company's executive compensation plans and together with the other independent directors, determine and approve the Chief Executive Officer's compensation level based on this evaluation; to evaluate annually the performance of the other executive officers of the Company in light of the goals and objectives of the Company's executive compensation plans, and set the compensation of such other executive officers based on this evaluation; to evaluate annually the appropriate level of compensation for Board and committee service by non-employee directors; to review and approve any severance or termination arrangements to be made with any executive officer of the Company; to review perquisites or other personal benefits to the Company's executive officers and directors and recommend any changes to the Board; to review and discuss with management the Company's

CD&A, and based on that review and discussion, to recommend to the Board that the CD&A be included in the Company's annual proxy statement or annual report on Form 10-K; to prepare the Compensation Committee Report for inclusion in the annual proxy statement or annual report on Form 10-K; and to review the description of the Compensation Committee's process and procedures for the consideration and determination of executive officer and director compensation to be included in the Company's annual proxy statement.

The Compensation Committee may form subcommittees for any purpose it deems appropriate and may delegate to any subcommittee such power and authority as it deems appropriate provided that no subcommittee shall consist of fewer than two members and that the Compensation Committee shall not delegate any power or authority required by any law, regulation or listing standard to be exercised by the Compensation Committee as a whole. Under the Autoliv, Inc. 1997 Stock Incentive Plan, as amended, the Compensation Committee may, to the extent that any such action will not prevent the Autoliv, Inc. 1997 Stock Incentive Plan from complying with rules and regulations, delegate any of its authority thereunder to such persons as it deems appropriate.

The Vice President for Human Resources of the Company generally acts as Secretary of the Compensation Committee.

The Compensation Committee can be contacted as follows:

The Compensation Committee

c/o Vice President Legal Affairs

Autoliv, Inc., Box 70381

SE-107 24 Stockholm, Sweden

Phone: +46 8 587 20 608

Fax: +46 8 587 20 633

E-mail: legallaffairs@autoliv.com

Communications with the committee are not screened and can be made anonymously. The Chairman of the committee receives all such communications after it has been determined that the content represents a message to the committee.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised exclusively of directors who have never been employed by the Company and who are independent as defined in the applicable rules of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC. No executive officer of the Company served as a member of the Compensation Committee of another entity, one of whose executive officers served on the Company's Compensation Committee. No executive officer of the Company served as a director of another entity, one of whose executive officers either served on the Compensation Committee of such entity or served as a director of the Company.

Compensation Committee Report¹

The Compensation Committee has reviewed and discussed with management the Company's Compensation Discussion and Analysis, and based on such review and discussions, has recommended to the Board that the Compensation Discussion and Analysis be included in the Company's 2009 Annual Meeting Proxy Statement and incorporated by reference into the Company's Annual Report on Form 10-K.

James M. Ringler, Chairman

William E. Johnston Jr.

George A. Lorch

Lars Nyberg

Forward-Looking Statements

This Proxy Statement contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are those that address activities, events or developments that the Company or its management believes or anticipates may occur in the future, including statements relating to industry trends, business opportunities, sales contracts, sales backlog, on-going commercial arrangements and discussions, as well as any statements about future operating performance or financial results. In some cases, you can identify these statements by forward-looking words such as estimates, expects, anticipates, projects, plans, intends, believes, might, will, should, or the negative of these terms or comparable terminology, although not all forward-looking statements are so identified.

All such forward-looking statements, including without limitation, management's examination of historical operating trends and data, are based upon our current expectations and various assumptions, and apply only as of the date of this report. Our expectations and beliefs are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that such forward-looking statements will materialize or prove to be correct.

Because these forward-looking statements involve risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statements for a variety of reasons, including without limitation, changes in and the successful execution of the action program discussed herein and the market reaction thereto, changes in general industry and market conditions, increased competition, higher raw material costs particularly commodity and energy costs, changes in consumer preferences for end products, customer losses and changes in regulatory conditions, customer bankruptcies or consolidations, divestiture of customer brands, the economic outlook for the Company's markets, fluctuation of foreign

¹ The material in this report is not soliciting material, is not deemed filed with the SEC and is not incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made on, before, or after the date of this Proxy Statement and irrespective of any general incorporation language in such filing.

currencies, fluctuation in vehicle production schedules for which the Company is a supplier, continued uncertainty in program awards and performance, the financial results of companies in which Autoliv has made technology investments, pricing negotiations with customers, fluctuating fuel and commodity prices and other costs, supply issues, product liability, warranty and recall claims and other litigations, tax assessments by governmental authorities, possible adverse results of pending or future litigation or infringement claims, legislative or regulatory changes, political conditions, dependence on customers and suppliers, as well the risks identified in Item 1A Risk Factors in our Form 10-K for the fiscal year ended December 31, 2008. Except for the Company's ongoing obligation to disclose information under the U.S. federal securities laws, the Company undertakes no obligation to update publicly any forward-looking statements whether as a result of new information or future events.

For any forward-looking statements contained in this or any other document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is information regarding the current executive officers of the Company who are not also directors (information about Mr. Jan Carlson, Director, President and Chief Executive Officer, can be found on page 6):

Steven Fredin, age 47, Vice President Engineering, appointed September 1, 2006. Mr. Fredin has worked for Autoliv since 1988 and has been a key technical leader in virtually all of Autoliv's product areas. Prior to assuming his current position, he was Director Global System Development of the Company and Vice President of Seatbelt Development for Autoliv North America. Mr. Fredin holds a Bachelor of Science degree in Mechanical Engineering from the Michigan Technological University.

Marika Fredriksson, age 45, Vice President and Chief Financial Officer, started her employment on September 1, 2008, succeeding Mr. Magnus Lindquist who left the Company on May 15, 2008. Ms. Fredriksson joined the Volvo Group in 1996 as Area Manager Sales Financing and in 1998 was appointed Finance Director of Volvo Construction Equipment International AB in Sweden. In 2001, she was promoted to Senior Vice President and CFO of that company. Prior to joining Volvo, she was a management consultant with Vilnius Stiklas in Lithuania and between 1991 and 1994 she was a Managing Director of a start-up company with its main operations in Eastern Europe. She has also worked for Svenska Handelsbanken at their international division. Marika Fredriksson holds a Masters Degree in Business Administration from the Swedish School of Economics and Business Administration in Helsinki, Finland. She graduated in 1987.

Halvar Jonzon, age 58, Vice President Purchasing, appointed January 1, 2002. Prior to joining Autoliv, Mr. Jonzon held various positions since 1974 in Electrolux, the Swedish white goods company, including General Manager of Electrolux International (1983-86), Senior Vice President, Purchasing for the White Goods Division (1986-91), Senior Vice President and General Manager for Nordic Markets (1991-96) and for the European Logistics Division (1996-99), as well as Senior Vice President and Chief of Staff of Electrolux Home Products Europe S. A. in Brussels (1999-02). He holds an MBA from Stockholm School of Economics and an Executive Education Diploma from Columbia Business School in New York City.

Svante Mogefors, age 54, Vice President Quality, appointed April 1, 2005, after having been Director Corporate Quality of Autoliv AB since 2003. Mr. Mogefors initially joined Autoliv in 1985 and has experience in several functions and positions within Autoliv, including the areas of product development, process implementations and quality control. Between 1990 and 1996, Mr. Mogefors was for a period President of Lesjöfors Herrljunga AB and for another period President of Moelven E-Modul AB. Mr. Mogefors holds a Master of Science degree from the Chalmers Institute of Technology in Gothenburg.

Mats Ödman, age 58, Vice President Corporate Communications, appointed May 1, 1997, after having been Director of Investor Relations of Autoliv AB since 1994.

Before that Mr. Ödman had the same position in Fermenta AB and Gambro AB. Prior to that Mr. Ödman was Investor Relations Manager in New York for Pharmacia AB.

Jan Olsson, age 54, Vice President Research, appointed April 1, 2005. Mr. Olsson was Vice President Engineering from 1997 to 2005, President of Autoliv Sverige AB from 1994 to 1997 and Manager of Engineering of Autoliv Sverige from 1989 until August 1994. Mr. Olsson holds a Master of Science degree from the Chalmers Institute of Technology in Gothenburg.

Hans-Göran Patring, age 59, Vice President Human Resources, appointed on April 26, 2001. Prior to assuming his current position on January 1, 2002, he was Deputy Vice President, Human Resources from September 3, 2001, and from 1999 Group Vice President of Human Resources of the Global Automation Division at ABB in Zurich, Switzerland. Previously, he was Vice President of Human Resources for ABB's Global Robotics Business based in the United Kingdom for three years.

Lars Sjöbring, age 41, Vice President Legal Affairs, General Counsel and Secretary, appointed September 3, 2007. Prior to joining Autoliv, Mr. Sjöbring held various positions with Telia AB; Skadden Arps, Slate, Meagher and Flom LLP; and Nokia Corp (most recently as Director Legal, M&A). Mr. Sjöbring holds Master of Law degrees from the University of Lund, Sweden; Amsterdam School of International Relations (ASIR), the Netherlands; and Fordham University School of Law, New York City, New York. Mr. Sjöbring is admitted to practice in the State of New York.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of January 31, 2009 by: (i) each director and nominee; (ii) our named executive officers (as defined on page 23 below); (iii) all of our directors and nominees, named executive officers and executive officers as a group; and (iv) each person known by us to beneficially own more than 5% of our common stock.

Name of Beneficial Owner	Common Stock Beneficially Owned(1)(2)	
	Number of Shares	Percent of Total
5% Stockholders		
AXA Assurances I.A.R.D Mutuelle		
AXA Assurances Vie Mutuelle		
26, rue Drouot		
75009 Paris, France		
AXA		
25, avenue Matignon		
75008 Paris, France		
AXA Financial, Inc.(3)		
1290 Avenue of the Americas		
New York, NY 10104	8,558,737	12.2%
Lord, Abbett & Co. LLC(4)		
90 Hudson Street		
Jersey City, NJ 07302	4,482,525	6.4%
LSV Asset Management(5)		
1 N. Wacker Drive, Suite 4000		
Chicago, IL 60606	3,791,100	5.4%
Morgan Stanley(6)		
1585 Broadway		
New York, NY 10036	3,560,205	5.1%

Name of Beneficial Owner	Common Stock	
	Beneficially Owned(1)(2)	
	Number of	Percent
	Shares	of Total
Directors and Named Executive Officers		
Robert W. Alspaugh	2,600	*
Jan Carlson	64,917	*
Sune Carlsson	5,303	*
Marika Fredriksson	0	*
William E. Johnston Jr.	1,000	*
Halvar Jonzon	53,710	*
Walter Kunerth	0	*
George A. Lorch	303	*
Lars Nyberg	0	*
Hans-Göran Patring	31,500	*
James M. Ringler	964	*
Kazuhiko Sakamoto	0	*
S. Jay Stewart(7)	78,459	*
Mats Wallin	3,775	*
Per Welin(8)	9,088	*
Lars Westerberg(9)	220,000	*
Wolfgang Ziebart	0	*
All directors and executive officers as a group		
(17 individuals)(10)	471,619	*

* Less than 1%.

- (1) Based on 70,374,516 shares of the Company's common stock outstanding as of January 31, 2009. The figures in the table and notes thereto represent beneficial ownership and sole voting and investment power except where indicated.
- (2) Includes shares which the following individuals have the right to acquire upon exercise of options exercisable within 60 days as follows: Jan Carlson 55,750 shares, Halvar Jonzon 47,710 shares, Hans-Göran Patring 29,500 shares, Mats Wallin 3,400 shares and Lars Westerberg 148,000 shares.
- (3) The amounts shown and the following information was provided by AXA Financial, Inc. and certain of its affiliates (collectively, AXA) pursuant to a Schedule 13G (Amendment No. 3) filed with the SEC on February 13, 2009, indicating beneficial ownership as of December 31, 2008. Of these shares, AXA reported sole power to vote 6,454,002 shares and sole power to dispose of 8,558,737 shares.
- (4) The amounts shown and the following information were provided by Lord, Abbett & Co. LLC, pursuant to a Schedule 13G filed with the SEC on February 13, 2009, indicating beneficial ownership as of December 31, 2008. Lord, Abbett & Co. LLC reported sole power to vote 4,166,313 shares and sole power to dispose of 4,482,525 shares.
- (5) The amounts shown and the following information were provided by LSV Asset Management pursuant to a Schedule 13G filed with the SEC on February 17, 2009, indicating beneficial ownership as of December 31, 2008. LSV Asset Management reported sole power to vote and dispose of all such shares.

- (6) The amounts shown and the following information were provided by Morgan Stanley pursuant to a Schedule 13G filed with the SEC on February 17, 2009, indicating beneficial ownership as of December 31, 2008. Morgan Stanley reported sole power to vote 3,437,786 shares and sole power to dispose of 3,560,205 shares.

- (7) Mr. Stewart indirectly owns these shares, which are held in a trust with Mr. Stewart as the sole trustee.

- (8) Includes 5,257 deferred stock units.

- (9) Mr. Westerberg indirectly owns 5,000 shares, which are held by a company controlled by Mr. Westerberg.

- (10)