

AUTOLIV INC  
Form 11-K  
July 14, 2005

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**Annual report pursuant to section 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2004

**Transaction report pursuant to section 15(d) of the Securities Exchange Act of 1934**

(no fee required)

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12933

A. Full title of the plan and the address of plan, if different from that of the issuer named below:  
**AUTOLIV ASP, INC.**

**EMPLOYEE SAVINGS AND  
INVESTMENT PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:  
**AUTOLIV, INC.**

World Trade Center  
Klarabergsviadukten 70, SE-1C724  
Stockholm, Sweden  
Telephone number, including area code: +46 8 587 20 600

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As of December 31, 2004 and 2003 and  
for the Year Ended December 31, 2004

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**Autoliv ASP, Inc.  
Employee Savings and Investment Plan**

**Audited Financial Statements and Supplemental Schedule**

**As of December 31, 2004 and 2003 and for the Year Ended December 31, 2004**

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**Report of Independent Registered Public Accounting Firm**

Savings Trust Investment Committee and Savings Plan Administrative Committee

Autoliv ASP, Inc. Employee Savings and Investment Plan

We have audited the accompanying statements of net assets available for benefits of the Autoliv ASP, Inc. Employee Savings and Investment Plan as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2004 and 2003, and the changes in its net assets available for benefits for the year ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2004, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Salt Lake City, Utah  
July 8, 2005

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**Autoliv ASP, Inc.  
Employee Savings and Investment Plan**

**Statements of Net Assets Available for Benefits**

|                                   | <b>December 31</b>    |                   |
|-----------------------------------|-----------------------|-------------------|
|                                   | <b>2004</b>           | <b>2003</b>       |
|                                   |                       | <i>(Restated)</i> |
| <b>Assets</b>                     |                       |                   |
| Investments                       | <b>\$ 216,345,612</b> | \$ 192,991,299    |
| Contributions receivable          |                       |                   |
| Participant                       | <b>525,852</b>        |                   |
| Employer                          | <b>212,310</b>        |                   |
| Total receivables                 | <b>738,162</b>        |                   |
| Accrued interest receivable       | <b>81,691</b>         | 103,173           |
| Net assets available for benefits | <b>\$ 217,165,465</b> | 193,094,472       |

*See accompanying notes.*

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**Autoliv ASP, Inc.**  
**Employee Savings and Investment Plan**

**Statement of Changes in Net Assets Available for Benefits**

**Year Ended December 31, 2004**

**Additions**

|   |                |
|---|----------------|
| Investment income:  |                |
| Net realized and unrealized appreciation in fair value of investments | \$ 17,590,402  |
| Interest income   | 3,995,342      |
| Dividend income   | 432,239        |
|   | 22,017,983     |
| Contributions:  |                |
| Participants  | 14,379,398     |
| Employer  | 5,415,182      |
| Rollover contributions by participants                                | 1,367,713      |
|   | 21,162,293     |
| Total additions   | 43,180,276     |
| <b>Deductions</b>   |                |
| Withdrawals by participants   | 18,851,179     |
| Administrative expenses   | 258,104        |
|   | 19,109,283     |
| Net increase  | 24,070,993     |
| Net assets available for benefits:                                    |                |
| Beginning of year (restated)  | 193,094,472    |
| End of year   | \$ 217,165,465 |

*See accompanying notes.*

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**Autoliv ASP, Inc.  
Employee Savings and Investment Plan**

**Notes to Financial Statements**

**December 13, 2004**

**1. Description of Plan**

The following description of the Autoliv ASP, Inc. Employee Savings and Investment Plan (the Plan ) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

**General**

The Plan is a defined contribution plan established to provide eligible employees with an incentive to make systematic savings for retirement from current income through payroll deductions and to afford them an opportunity to acquire an equity interest in Autoliv, Inc. The Plan is subject to the provisions of the Internal Revenue Code (the Code ), section 401(a) and to the provisions of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ).

Substantially all domestic employees of Autoliv ASP, Inc. (the Company ) are eligible to participate in the Plan. Employees become eligible participants upon date of hire, without satisfying any age or service requirements.

**Contributions**

Participation in the Plan is voluntary. Participants make contributions to the Plan for any whole percentage up to a maximum of 50% of base pay, not to exceed the Internal Revenue Service limit. The Company contributes an amount equal to 50% of the first 6% of participants contributions. Participants can elect to treat their contributions on a before and/or after-tax basis.

The Company has frozen participation in the Autoliv ASP, Inc., Pension Plan to exclude all employees hired after December 31, 2003; consequently the Company amended the Autoliv ASP, Inc., Employee Savings and Investment Plan effective January 1, 2004 to provide an additional contribution on behalf of the participants in the Plan. Each participant who is excluded from participation in the Autoliv ASP, Inc., Pension Plan will receive an additional employer contribution to the Autoliv ASP, Inc., Employee Savings and Investment Plan equal to two percent of such participant s base pay for the plan year.

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**Autoliv ASP, Inc.  
Employee Savings and Investment Plan**

**Notes to Financial Statements (continued)**

**1. Description of Plan (continued)**

Participants Company contributions are allocated among any of ten investment fund options in accordance with participants elections. Participants may transfer amounts from one investment fund to another.

Unless the Plan is otherwise notified, all employees except non-U.S. citizens who have elected not to participate, are automatically enrolled into the MFO Autoliv Fixed Return Fund at a contribution rate of three percent of base pay.

**Participant Accounts**

Each participant s account is credited with the participant s contributions and allocations of (a) the Company s contributions and (b) Plan earnings, and is charged with an allocation of certain administrative expenses not covered by the Company. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

**Vesting**

Participants are 100% vested in their contributions and participant earnings, if any, thereon. Company contributions and earnings thereon become vested to the participant as follows:

| <b>Years of Vesting Service in Plan</b> | <b>Percentage Vested</b> |
|---|--------------------------|
| Less than 1                             | 0%                       |
| 1 but less than 2                       | 33                       |
| 2 but less than 3                       | 66                       |
| 3 or more                               | 100                      |

Notwithstanding the preceding schedule, Company contributions will become 100% vested upon death, total disability from performing normal duties or termination of employment when eligible to retire under the provisions of a qualified Company pension plan.



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**Autoliv ASP, Inc.  
Employee Savings and Investment Plan**

**Notes to Financial Statements (continued)**

**1. Description of Plan (continued)**

That portion of the participants' Company contribution accounts which is not vested at the time of termination of employment is forfeited. Amounts forfeited are applied to subsequent Company contributions under the Plan. Forfeitures can be reinstated if the employee is re-employed before having five consecutive one-year breaks in service, on the condition that a distribution of vested Company contributions has not been received, or if received, was repaid prior to the fifth anniversary of the rehire date.

**Participant Loans**

Active participants may obtain loans from the Plan. The maximum loan amount is subject to certain Internal Revenue Service and Plan restrictions, and each loan is secured by the participant's account balance. Loan terms range from one to five years or up to 10 years for the purchase of a primary residence. The interest rate on loans is the Trustee's prime rate, plus 1%. Loan interest rates are reviewed monthly and adjusted prospectively. Principal and interest is paid through payroll deductions.

**Payment of Benefits**

On termination of service, a participant may receive a lump-sum amount equal to the vested value of his or her account, or upon death, disability or retirement, elect to receive annual installments over a ten-year period.

**Administrative Expenses**

With the exception of fees paid to an insurance company for certain investment contracts, substantially all administrative and general expenses of the Plan are paid by the Company.

**Plan Termination**

Although it has not expressed any intent to do so, the Company has the right to terminate, amend, modify or suspend the Plan at any time. In the event the Plan is terminated, the entire value of the investment funds shall be applied for the exclusive benefit of participants, and no part of the funds will revert to the Company. Upon termination of the Plan, the Company will have no obligation to continue making contributions to the Plan, and the Company contribution account for each participant will become 100% vested and non-forfeitable.

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**Autoliv ASP, Inc.  
Employee Savings and Investment Plan**

**Notes to Financial Statements (Continued)**

**2. Significant Accounting Policies  
Investment Valuation and Income Recognition**

All of the Plan investments are held in trust at the Northern Trust Company. The Northern Trust Company acts as the Plan's trustee and is the custodian of the Autoliv Inc. common stock fund.

Investments in common stock are recorded at fair value as determined by quoted prices in active markets. Shares of mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end. The fair values of participation units in common and collective trust funds are based on quoted redemption values on the last business day of the Plan year.

Investment contracts are recorded at their contract values, which represent contributions and reinvested income, less any withdrawals plus accrued interest, because these investments have fully benefit-responsive features. There are no reserves against contract values for credit risk of contract issues or otherwise. The fair value of the investment contract at December 31, 2004 and 2003 was approximately \$77,600,000 and \$75,400,000, respectively. The average yield was approximately 4.34% in 2004 and 4.41% in 2003. The crediting interest rate for the investment contract is reset annually by the issuer but cannot be less than zero and was 4.60% and 5.31% at December 31, 2004 and 2003, respectively.

Short-term investment fund units are purchased daily for any uninvested cash. These units are valued at par, which is equal to the redemption value.

Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Plan's management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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**Autoliv ASP, Inc.**  
**Employee Savings and Investment Plan**

**Notes to Financial Statements (continued)**

**3. Investments**

During 2004, the Plan's investments (including investments purchased, sold as well as held during the year) appreciated in fair value as follows:

|   | <b>Net Realized<br/>and Unrealized<br/>Appreciation in<br/>Fair Value<br/>During the Year</b> |
|---|---|
| Fair value as determined by quoted market prices: |   |
| Common & collective trust funds                   | \$ 11,095,055   |
| Autoliv, Inc. common stock                        | 6,122,917   |
| Mutual fund                                       | 372,430   |
|   | <b>\$ 17,590,402</b>  |

Investments that represent 5% or more of the fair value of the Plan's net assets are as follows:

|  | <b>December 31</b>   |                   |
|--|----------------------|-------------------|
|  | <b>2004</b>          | <b>2003</b>       |
|  |                      | <i>(Restated)</i> |
| New York Life Fixed Return Fund                      | <b>\$ 76,134,179</b> | \$ 73,438,567     |
| NTGI-QM Collective Daily S&P 500 Equity Index Fund   | <b>60,225,225</b>    | 54,527,049        |
| Autoliv, Inc. Common Stock                           | <b>25,915,755</b>    | 23,025,914        |
| Northern Institutional Small Company Index Portfolio | <b>24,116,858</b>    | 18,039,263        |

**4. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated May 14, 2002 stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

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**Autoliv ASP, Inc.  
Employee Savings and Investment Plan**

**Notes to Financial Statements (continued)**

**5. Party in-Interest Transactions**

During 2004, the Plan received dividends from Autoliv, Inc. of \$432,239. Purchases of Autoliv, Inc. common stock amounted to \$2,034,957 and sales of Autoliv, Inc. common stock were \$1,993,779 in 2004.

**6. Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

**7. Restatement**

The statement of net assets available for benefits as of December 31, 2003 has been restated to properly reflect the value of investments owned by the Plan. The adjustment had the effect of increasing net assets available for benefits at December 31, 2003 by \$11,341,738, and had no effect on participant accounts at December 31, 2003 or in any prior period.

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**Supplemental Schedule**

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| (a) | (b)<br>Identity of Issue, Borrower, Lessor<br>or Similar Party | (c)<br>Description of<br>Investments,<br>Including<br>Maturity<br>Date, Rate of<br>Interest, Par or<br>Maturity Value | (e)<br>Current Value |
|-----|--|---|----------------------|
|     | Common & Collective Trust Funds                                |   |                      |
|     | NTGI-QM Collective Daily S&P 500 Equity Index Fund             | 6,419,458   | \$ 60,225,225        |
| *   |  | shares  |                      |
|     | Northern Institutional International Equity Index Portfolio    | 1,000,972   | 9,824,997            |
| *   |  | shares  |                      |
|     | Northern Institutional Small Company Index Portfolio           | 1,742,410   | 24,116,858           |
| *   |  | shares  |                      |
| *   | NTGI-QM Collective Daily Aggregate Bond Index Fund             | 8,299 shares  | 2,620,312            |
|     |  |   | 96,787,392           |
| *   | Northern Institutional Mid Cap Growth Fund                     | 413,034 shares  | 4,420,684            |
|     | New York Life Fixed Return Fund                                | Interest at 4.6%  | 76,134,179           |
| *   | Autoliv, Inc. Common Stock                                     | 537,940 shares  | 25,915,755           |
|     | USD Short Term Investment Fund                                 | 3,922,306   | 3,922,306            |
|     |  | shares  |                      |
|     | Participant Loans  | Interest rates  |                      |
| *   |  | ranging from  |                      |
|     |  | 5% to 11%,  |                      |
|     |  | maturing  |                      |
|     |  | through 2014  | 9,165,296            |
|     |  |   | \$ 216,345,612       |
| *   | Party-in-interest to the Plan                                  |   |                      |

All investments are participant directed. Accordingly, column (d) cost is not applicable.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

AUTOLIV ASP, INC.

EMPLOYEE SAVINGS AND  
INVESTMENT PLAN

Date: July 8, 2005

/s/ Ryan Woolf  
Ryan Woolf  
Treasurer

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**EXHIBIT INDEX**

**Exhibit**

**No.**

**Description**

23.1 Consent of Independent Registered Public Accounting Firm