

AUTOLIV INC
Form DEF 14A
March 26, 2012

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 under §240.14a-12

Autoliv, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

March 26, 2012

DEAR STOCKHOLDER,

It is my pleasure to invite you to the 2012 Annual Meeting of Stockholders of Autoliv, Inc. to be held on Tuesday, May 8, 2012 at The Ritz-Carlton Hotel, 160 East Pearson Street, Chicago, Illinois, 60611-2308, 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, 2011 is being made available to stockholders simultaneously with this Proxy Statement. These documents are available at www.autoliv.com.

Sincerely,

Lars Nyberg
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 8, 2012

TO THE STOCKHOLDERS OF AUTOLIV, INC.,

NOTICE IS HEREBY GIVEN that the 2012 Annual Meeting of Stockholders of Autoliv, Inc. (Autoliv or the Company) will be held on Tuesday, May 8, 2012 commencing at 9:00 a.m. local time at The Ritz-Carlton Hotel, 160 East Pearson Street, Chicago, Illinois, 60611-2308, USA, to consider and vote upon:

1. 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 2015 (see page 5 of the accompanying Proxy Statement).
2. An advisory resolution to approve the compensation of the Company's named executive officers (see page 68 of the accompanying proxy statement).
3. Approval of an amendment to the Company's 1997 Stock Incentive Plan, as amended and restated (see page 69 of the accompanying proxy statement).
4. Ratification of the appointment of Ernst & Young AB as the Company's independent auditors for the fiscal year ending December 31, 2012 (see page 78 of the accompanying Proxy Statement).
5. 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 12, 2012 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, 2011 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 Tuesday, May 8, 2012 commencing at 9:00 a.m. local time at The Ritz-Carlton Hotel, 160 East Pearson Street, Chicago, Illinois, 60611-2308, USA, and at any adjournment thereof (the "2012 Annual Meeting" or the "Annual Meeting").

General

The date of this Proxy Statement is March 26, 2012, the approximate date on which this Proxy Statement and Proxy Card are first being made available on the Internet to stockholders entitled to vote at the Annual Meeting. The Annual Report for the fiscal year ended December 31, 2011 was first made available on February 23, 2012.

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 12, 2012 (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, 89,506,705 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 a printed 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, or submit your proxy electronically by internet or telephone before voting closes, 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, to approve the compensation of the Company's named executive officers, to approve the amendment to the Autoliv, Inc. 1997 Stock Incentive Plan, as amended and restated (the 1997 Plan) and for the ratification of the appointment of Ernst & Young AB as the Company's independent auditors.

If any other matter is presented, your proxy will vote in accordance with his best judgment, which will allow for your proxy to address unforeseen matters that may arise as well as matters incident to the conduct of the meeting, to the extent permitted by applicable law and the listing rules of the New York Stock Exchange (the NYSE). Note, however, that the proxy's ability to exercise discretionary voting authority under the SEC's proxy rules is limited. Rule 14a-4(c) of the Exchange Act, allows proxies solicited in connection with annual meetings to grant discretionary authority to the proxy only for certain enumerated matters, which are: (i) approval of the minutes of the meeting, (ii) election of a person to an office if a bona fide nominee is unwilling or unable to serve, (iii) matters pertaining to the conduct of the meeting, (iv) stockholder proposals that may be brought before the meeting, but were excluded from the Company's proxy statement under the SEC's rules and (v) other matters, if the Company did not have notice of the matter at least 45 days before the first anniversary of the date the Company sent its proxy materials for the prior year's annual meeting of stockholders (or date specified by an advance notice provision), and a specific statement to that effect is made in the proxy statement or form of proxy. In addition, the SEC's proxy rules limit the authority that may be granted by proxies. Specifically, Rule 14a-4(d) does not permit a proxy to grant authority for the proxy holder to (i) vote for the election of any person to any office for which a bona fide nominee is not named in the proxy statement, (ii) to vote at any annual meeting other than the next annual meeting after the proxy card and proxy statement are first sent to stockholders, (iii) to vote with respect to more than one meeting and (iv) to vote on any matter not included in the proxy statement or included in the discretionary authority under Rule 14a-4(c), described above. Because of the Company's advance notice requirements in its By-laws, discretionary authority would likely only be used for ministerial matters at the Annual Meeting.

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 2012 Annual Meeting as if they held the common stock of the Company directly. However, under the General Terms and Conditions of the SDRs in Autoliv, Inc., if holders of SDRs do not attend and represent their shares at the Annual Meeting or give instructions as to the exercise of their voting rights to the custodian, Skandinaviska Enskilda Banken AB (publ) (SEB), they are deemed to have instructed SEB to give a proxy to a person designated by the Company to vote their shares in the same proportion as all other shares in the Company that are being voted at the meeting. However, no such instruction from the holders of SDRs to SEB shall be deemed given to any merger, consolidation or any other matter which may affect substantially the rights or privileges of the holders of SDRs or with respect to any matter where giving such instructions and/or discretionary proxy would not be legally permitted.

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 do not have discretionary authority to vote on Items 1, 2 and 3. Brokers generally have discretionary authority to vote on Item 4.

- 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. However, pursuant to the Autoliv, Inc. Corporate Governance Guidelines, if a director nominee in an uncontested election fails to receive the approval of a majority of the votes cast on his or her election by the Company stockholders, the nominee shall promptly offer his or her resignation to the Board. A committee consisting of the Board's independent directors (which will specifically exclude any director who is required to offer his or her own resignation) shall consider all relevant factors and decide on behalf of the Board the action to be taken with respect to such offered resignation and will determine whether to accept the resignation or take other action. The Company will publicly disclose the Board's decision with regard to any resignation offered under these circumstances with an explanation of how the decision was reached, including, if applicable, the reasons for rejecting the offered resignation. Votes withheld as to one or more nominee will not be counted as votes cast for such individuals but will be counted for the purposes of establishing a quorum.
- Item 2: The non-binding resolution to approve the compensation of the Company's named executive officers as disclosed in this Proxy Statement requires the

affirmative vote of a majority of the votes present or represented by proxy at the Annual Meeting and entitled to vote thereat. Abstentions will count as votes against the proposal. Broker non-votes will have no effect in determining whether the proposal has been approved.

Item 3: The approval of an amendment to the 1997 Plan requires the affirmative vote of a majority of votes cast on the amendment, provided that the total votes cast on the proposal represents over 50% of the total outstanding shares of our common stock.

Item 4: 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 thereat. 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 but will be counted for the purposes of establishing a quorum.

Any other proposal brought before the Annual Meeting (if any) 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 Vasagatan 11, 7th Floor, Stockholm, Sweden, SE-111 20. 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 our 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 \$13,500 plus expenses and Euroclear Sweden AB for a fee of SEK 155,000, or approximately \$23,000, 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 ten members, divided into three classes (one class of four members and two classes of three members), serving staggered three-year terms. 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 re-election at the 2012 Annual Meeting are Mr. George A. Lorch, Mr. Kazuhiko Sakamoto, Dr. Wolfgang Ziebart and Dr. Xiaozhi Liu, whose present terms will expire at the time of the meeting. If re-elected at the Annual Meeting, each would serve until the 2015 annual meeting of stockholders and until his or her successor is elected and qualified, or until his or her earlier retirement, resignation, disqualification, removal or death.

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.

Below is a summary presentation of each director nominated for re-election or continuing in office until the 2013 or 2014 annual general meeting of stockholders, respectively, including their education and professional experience. Based on the individual education, attributes, skills and the contributions of each director described below, the Board and the Nominating and Corporate Governance Committee have determined that each director is well qualified to serve as a director. As a collective, our Board has a broad set of competencies and experiences making it well suited to further the interests of the Company, its stockholders and other stakeholders.

Nominees for Directors at the 2012 Annual Meeting

George A. Lorch, age 70, has been a director of Autoliv since June 2003 and is a member of the Compensation and Nominating and Corporate Governance Committees of the Board. 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 Board of Directors of Pfizer, Inc., where he has been Lead Director since December 2011, and served as Chairman from December 2010 to December 2011. Mr. Lorch also serves on the Boards of Directors of WPX Energy, Inc., HSBC North America Holding Company and HSBC Finance Co. (the non-public, wholly-owned subsidiaries of HSBC LLP) and Masonite, a privately held company. Mr. Lorch holds a Bachelor of Science degree in business administration from the Virginia Polytechnic Institute.

The Board of Directors believes that Mr. Lorch's breadth of executive and global business experience over many years in operations, sales and marketing and his service as a director of nine different companies support his re-election to the Board.

Kazuhiko Sakamoto, age 66, was appointed a director of Autoliv in August 2007 and is a member of the Compliance and Nominating and Corporate Governance Committees of the Board. Mr. Sakamoto is Counselor of Marubeni Construction 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 was Senior Executive Vice President of Marubeni Corp. from 2006 through 2008. During his nearly 40-year career with Marubeni, Mr. Sakamoto has held several key positions such as President and Chief Executive Officer of Marubeni America Cooperation. Mr. Sakamoto previously served on the Boards of Directors of Marubeni-Itochu Steel Inc. and Helena Chemical Company. He graduated from the Keio University in 1968 and attended the Harvard University Research Institute for International Affairs in 1991-92.

The Board of Directors believes that Mr. Sakamoto's extensive business experience in both Asia and North America are experiences that support Mr. Sakamoto's re-election to the Board.

Wolfgang Ziebart, age 62, has been a director of Autoliv since December 2008 and is a member of the Audit Committee and Chairman of the Compliance and Nominating and Corporate Governance Committees of the Board. 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 also serves on the Boards of Directors of ASML and Nordex. Previously, Dr. Ziebart served on the Board of Directors of Artega. Dr. Ziebart holds a doctorate degree in mechanical engineering from the Technical University of Munich.

The Board of Directors believes that Dr. Ziebart's extensive education, as well as his many years of experience in the automotive industry and other industries, support his re-election to the Board.

Xiaozhi Liu, age 56, has been a director of Autoliv since November 2011. Dr. Liu began her career in the automotive industry in GM's Delphi operations and has since worked in various executive positions in Germany, China and the U.S., where she rose to the position of Director of Electronics, Controls & Software for GM in Detroit, Chief Engineer & Chief Technology Officer of GM in China and Chairman & CEO for General Motors Taiwan. Between 2005 and 2006, she was CEO and Vice Chairman of Fuyao Glass Industry Group Co. Ltd., a public company listed in Shanghai. In 2007, she became the President and CEO of NeoTek China, a supplier of automotive chassis and transmission parts, and served as Chairman of the company's board of directors from 2008 through 2011. In 2009, she founded

her own company, ASL Automobile Science & Technology (Shanghai) Co., Ltd., which introduces and implements globally advanced technologies to Chinese companies. She has a Ph.D. and master's degree in Chemical Engineering and Electrical Engineering from the German Friedrich-Alexander Universität in Erlangen, Nurembourg, and a bachelor's degree in Electrical Engineering from the Chinese Jiaotong University in Xian.

The Board of Directors believes that Dr. Liu's global experience in engineering and technology in Asia, North America and Europe and her extensive management experience in the automotive industry support her election to the Board.

**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 2013 Annual Meeting

Bo I. Andersson, age 55, has been a director of Autoliv since February 2012. Mr. Andersson is currently President and Chief Executive Officer of GAZ Group, the leading manufacturer of commercial vehicles in Russia. In addition, he serves on the board of directors of GAZ OJSC. Mr. Andersson's career began in 1987 at Saab, where he was appointed Vice President of Purchasing in 1990. He then transitioned from Saab to General Motors Company in 1993, as Executive Director of Global Purchasing for the Electrical Component Group. He was on the GM corporate management team from 2001 to 2009, during which time he was appointed Vice President of Global Purchasing and Supply Chain. Mr. Andersson holds a bachelor's degree in Business Administration from Stockholm University and graduated from the Advanced Management Program at Harvard Business School in 1999.

The Board of Directors believes that Mr. Andersson's experience in executive management within the automotive industry in a variety of global regions support his membership on the Board.

Robert W. Alspaugh, age 65, has been a director of Autoliv since June 2006 and is a member of the Compliance Committee and Chairman of the Audit Committee of the Board. 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. Mr. Alspaugh also serves on the Board of Directors of DSGI Technologies, Inc., a private company, and Ball Corporation and Verifone Systems, Inc., both public companies. He graduated summa cum laude from Baylor University, Texas, in 1970.

The Board of Directors believes Mr. Alspaugh's years of experience, technical skills and record of achievement working within the global business community are reasons that support his membership on the Board.

Walter Kunerth, age 71, has been a director of Autoliv since August 1998 and is a member of the Audit Committee of the Board. Dr. Kunerth is also a member of the Supervisory Board of Gildemeister AG. For more than 20 years, Dr. 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.

The Board of Directors believes that Dr. Kunerth's years of experience, academic achievements and automotive industry experience are accomplishments that support his membership on the Board.

Directors Continuing in Office With Terms Expiring at the 2014 Annual Meeting

Jan Carlson, age 51, 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. As of July 2010, Mr. Carlson also serves on the Board and Compensation Committee of BorgWarner Inc., a product leader in highly engineered components and systems for vehicle powertrain applications worldwide. Since 2010 Mr. Carlson has also served on the board of Teknikföretagen, the Association of Swedish Engineering Industries. 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.

The Board of Directors believes that Mr. Carlson's years of experience with Autoliv, including his current role as President and Chief Executive Officer, his past assignments with Autoliv, his automotive industry experience and his academic credentials are attributes that support his membership on the Board.

Lars Nyberg, age 60, has been a director of Autoliv since October 2004 and Chairman of the Board since December 2011. Mr. Nyberg is a member of the Compensation Committee of the Board. Mr. Nyberg has been President and Chief Executive Officer of TeliaSonera, the leading Nordic and Baltic telecommunications company listed on the OMX Nordic Exchange since 2007, and Chairman of DataCard Corporation, a company dealing in secure ID and card personalization, since 2006. 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.

The Board of Directors believes that Mr. Nyberg's executive experience and record of achievement working within the global business community are competencies that support his membership on Autoliv's Board of Directors.

James M. Ringler, age 66, has been a director of Autoliv since January 2002 and is a member of the Compensation Committee of the Board. 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, John Bean Technologies and he is the Chairman of the Board of Teradata Corporation. 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.

The Board of Directors believes that Mr. Ringler's achievements as an executive of Premark International and Illinois Tool Works and his extensive service on the board of directors of public companies in a wide variety of industries support Mr. Ringler's membership on the Board of Directors.

CORPORATE GOVERNANCE

Board Independence

The Board of the Company currently consists of ten members, and the Board has determined that all of the directors except Mr. Carlson are independent directors under the applicable rules of the NYSE, the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC"). 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 Leadership Structure and Risk Oversight

The Company has a long history of separating the positions of Chief Executive Officer ("CEO") and the Chairman of the Board, as it believes that a separate CEO and Chairman is an important part of its overall commitment to the highest standards of corporate governance. The separate positions allow the Board to effectively develop and oversee its business strategy, monitor risk and freely perform its management oversight function. The Company believes that there will be times when the Board will need to meet in executive sessions of independent directors to discuss certain issues without the CEO present. Mr. Nyberg chairs the executive sessions of the independent directors.

The Board is responsible for the oversight of risk management of the Company, with the Audit Committee monitoring financial risk and discussing risk oversight and management as part of its obligations under the NYSE's listing standards and the Compliance Committee monitoring ethical and other compliance risks. In each of its meetings, the Board receives

reports from management, including the CEO and Chief Financial Officer (CFO), regarding the main strategic, operational and financial risks the Company is facing and the steps that management is taking to address and mitigate such risks.

The Compensation Committee has reviewed with management the design and operation of our incentive compensation arrangements for senior management, including executive officers, for the purpose of determining whether such programs might encourage inappropriate risk-taking that could have a material adverse effect on the Company. The Compensation Committee considered, among other things, the features of the Company's compensation program that are designed to mitigate compensation-related risk, such as the performance objectives and target levels for incentive awards (which are based on overall Company performance), and its compensation recoupment policy. The Compensation Committee concluded that any risks arising from the Company's compensation plans, policies and practices are not reasonably likely to have a material adverse effect on the Company.

Board Meetings

The Board met seven times during the year ended December 31, 2011. All directors participated in more than 75% of the total number of meetings of the Board and committees on which they served, except Mr. Ringler, who participated in 57% of the total number of meetings of the Board and more than 75% of the total number of meetings of committees on which he served.

Following the meetings of the full Board, the independent directors met without management directors (i.e., without Mr. Jan Carlson) participating, for a total of five times in 2011. Mr. Nyberg chairs the executive sessions of the independent directors.

Board Compensation

Directors who are employees of the Company or any of its subsidiaries do not receive separate compensation for service on the Board or Board committees. Non-employee directors are paid a retainer of \$170,000 per year, which we refer to as the annual retainer, while the Chairman of the Board is paid an annual retainer of \$340,000 per year. In addition, the Chairman of the Compensation Committee is paid a supplemental annual retainer of \$20,000; the Chairman of the Nominating and Corporate Governance Committee is paid a supplemental annual retainer of \$10,000; and the Chairman of the Audit Committee is paid a supplemental annual retainer of \$20,000. In recognition of the time-consuming demands of the antitrust investigations in 2011, the Compensation Committee decided to award a special, one-time \$25,000 fee to each member of the Compliance Committee.

Non-employee directors can elect to defer payment of a pre-determined percentage of their compensation under the Autoliv, Inc. 2004 Non-Employee Director Stock-Related Compensation Plan. In 2011, none of the directors elected to defer any of their compensation.

In 2012, the Board adopted certain changes to its compensation program for non-employee directors. Effective January 1, 2012, provided that our stockholders approve the

proposal to amend the 1997 Plan, one-third of the annual retainer for our non-employee directors will be paid in fully-vested shares of our common stock. In addition, each non-employee member of the Board will be subject to a new stock ownership policy, which requires each non-employee director to acquire and hold shares of our common stock in an amount equivalent to one year's annual retainer. The non-employee directors have three years to reach the new ownership requirements.

The following table sets forth the compensation that our non-employee directors earned during the year ended December 31, 2011 for services rendered as members of our Board:

Name	Fees Earned Or Paid in Cash (\$)	Total (\$)
Robert W. Alspaugh	215,000	215,000
Sune Carlsson(1)	61,050	61,050
Walter Kunerth	170,000	170,000
George A. Lorch	170,000	170,000
Xiaozhi Liu(2)	27,718	27,718
Lars Nyberg (3)	181,087	181,087
James M. Ringler	190,000	190,000
Kazuhiko Sakamoto	195,000	195,000
S. Jay Stewart(1)	73,650	73,650
Lars Westerberg(4)	329,837	329,837
Wolfgang Ziebart(5)	201,450	201,450

- (1) These amounts reflect pro rata payments to these directors prior to their retirement from the Board on May 10, 2011.
- (2) Ms. Liu was appointed to the Board on November 3, 2011.
- (3) Mr. Nyberg was appointed Chairman on December 20, 2011, and, in connection with such appointment, he received an additional payment of \$11,087, as his pro rata Chairman fee. This is equivalent to an annual fee of \$340,000.
- (4) This amount reflects pro rata payments to Mr. Westerberg prior to his retirement from the Board on December 20, 2011. This amount excludes the pension that Mr. Westerberg is paid for his past service as the Chief Executive Officer of the Company. Under Mr. Westerberg's pension plan, he was allowed to retire at the age of 60 with pension benefits amounting to 70% of base salary at retirement until the age of 65 and amounting to 50% of base salary after the age of 65. Under this pension arrangement, Mr. Westerberg was paid \$710,974 in 2011.
- (5) This amount includes a pro rata payment for Dr. Ziebart's service as Chairman of the Nominating and Corporate Governance Committee since May 10, 2011.

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. In December 2011, the Board amended the Corporate Governance Guidelines to provide that a director should tender his/her resignation from the Board upon having attained the age of 72. The Board also amended the Corporate Governance

Guidelines to state that the Company expects that the Board of Directors will represent the global nature of the Company's operations. A corresponding change regarding Board membership was made in the By-laws and the Nominating and Corporate Governance Committee charter.

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 Standards of Business Conduct and Ethics that apply to all employees of the Company and the Company has had a Code of Conduct and Ethics for Senior Officers (the Standards of Business 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). As previously disclosed by the Company, the Board adopted amendments to the Codes that were effective as of January 1, 2011. In the future, the Company will disclose any amendments to, or waivers of, its Codes on its website: www.autoliv.com.

The Company has also adopted a written policy regarding related person transactions (the Related Persons Policy), which is part of the Standards of Business Conduct and Ethics. 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 current directors participated in the 2011 Annual Meeting of Stockholders, with the exception of Dr. Liu and Mr. Andersson, who were not directors at the time.

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 2011, no transactions took place that the Company deemed to require disclosure under Section 404(a)

of Regulation S-K. Mr. Bo Andersson, who was elected to fill a vacancy on the Board on February 24, 2011, is the Chief Executive Officer of the GAZ Group, the leading manufacturer of commercial vehicles in Russia, with sales of \$4.4 billion in 2011. The GAZ Group is a customer of Autoliv. Autoliv had approximately \$3.3 million in total sales to GAZ in 2011, which was 0.04% of the Autoliv's sales and 0.08% of GAZ's sales. Autoliv's Board has determined Mr. Andersson is independent according to the New York Stock Exchange's rules and regulations.

Communicating with the Board

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

Board/Independent Directors/ Directors

c/o Vice President Legal Affairs

Autoliv, Inc., Box 70381

SE-107 24 Stockholm, Sweden

Phone: +46 8 587 20600

Fax: +46 8 587 20633

E-mail: legalaffairs@autoliv.com

Communications with the Board or the independent 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 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. In June 2011, the Board also formed a Compliance Committee. The Board has determined that all Audit, Compensation, Nominating and Corporate Governance and Compliance committee members qualify as independent directors under the applicable rules of the NYSE, the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated by the SEC. The CEO and Chairman of the Board are invited to attend each committee meeting but are excused when matters relating to them are discussed.

The Audit Committee appoints, 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. Since May 2011, members of this committee are Mr. Alspaugh (Chairman) and Drs. Kunerth and Ziebart. Prior to May 2011, members of this committee were Messrs. Alspaugh (Chairman), Sune Carlsson and Nyberg and Dr. Ziebart. The Audit Committee met seven times in 2011.

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 plans and reviews and discusses with management the Company's Compensation Discussion and Analysis (CD&A) included herein. Since May 2011, members of this committee are Messrs. Ringler (Chairman), Lorch and Nyberg. Prior to May 2011, members of this committee were Messrs. Ringler (Chairman), Lorch, Nyberg and Dr. Ziebart. The Compensation Committee met five times in 2011.

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. Since May 2011, members of this committee are Dr. Ziebart (Chairman) and Messrs. Lorch and Sakamoto. Prior to May 2011, members of this committee were Messrs. S. Jay Stewart (Chairman), Alspaugh and Sakamoto and Dr. Kunerth. The Nominating and Corporate Governance Committee met five times in 2011.

The Compliance Committee was formed in June 2011 to assist the Board in overseeing the Company's compliance program with respect to: (i) compliance with the laws and regulations applicable to the Company's business and (ii) compliance with Company's Standards of Business Conduct and Ethics and related policies by employees, officers, directors and other agents and associates of the Company that are designed to support lawful and ethical business conduct by the Company and its employees and promote a culture of compliance. The Compliance Committee also oversees the investigation of any alleged noncompliance with law or the Company's compliance programs policies or procedures that are reported to the Compliance Committee (except those relating to financial compliance which are overseen by the Audit Committee). Members of this committee are Dr. Ziebart (Chairman) and Messrs. Alspaugh and Sakamoto. The Compliance Committee met ten times in 2011.

The following table shows the composition of the Board's Committees before and after the May 2011 annual meeting:

2011 Board Committee Composition		
	January	May Current
Audit Committee	Robert W. Alspaugh (Chairman)	Robert W. Alspaugh (Chairman)
	Sune Carlsson	Walter Kunerth
	Lars Nyberg	Wolfgang Ziebart
	Wolfgang Ziebart	
Compensation Committee	James M. Ringler (Chairman)	James M. Ringler (Chairman)
	George Lorch	George Lorch
	Lars Nyberg	Lars Nyberg
	Wolfgang Ziebart	
Nominating and Governance Committee	S. Jay Stewart (Chairman)	Wolfgang Ziebart (Chairman)
	Robert W. Alspaugh	George Lorch
	Walter Kunerth	Kazuhiko Sakamoto
	Kazuhiko Sakamoto	
Compliance Committee	N/A	(Formed June 2011)
		Wolfgang Ziebart (Chairman)
		Robert W. Alspaugh
		Kazuhiko Sakamoto

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 NYSE, the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations as promulgated by the SEC. Each member is financially literate and possesses accounting or related financial management expertise, and Mr. Alspaugh has been determined by the Board to qualify as an audit committee financial expert 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

2011 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 regarding the independent auditors' communications with the Audit Committee concerning independence. The Audit Committee has discussed with the independent auditors the independent auditors' independence. The Audit Committee reviews and oversees the independence of the independent auditors and has 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, 2011, 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 20 600

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 will receive all such communications after it has been determined that the contents represent a message to the committee.

Robert W. Alspaugh, Chairman

Dr. Walter Kunerth

Dr. Wolfgang Ziebart

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 NYSE, the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated by the SEC.

The committee has also considered and recommended that Mr. George A. Lorch, Mr. Kazuhiko Sakamoto, Dr. Wolfgang Ziebart and Dr. Xiaozhi Liu 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 NYSE, the Sarbanes-Oxley Act of 2002, as amended, 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 Governance Committee routinely considers board candidates with a broad range of educational and professional experience from a variety of countries. While the Board has no separate formal policy, the Company's By-laws and Corporate Governance Guidelines provide that the backgrounds and experiences of the director nominees shall reflect the global operations of the Company. The current Board consists of directors who are citizens of or reside in multiple countries including the United States, Sweden, Japan, China and Germany and directors with a wide range of management, operating, finance, and engineering skills. The Nominating and Corporate Governance Committee, the Board and the Company place a high priority on diversity, placing a particular emphasis on individuals with a wide variety of management, operating, engineering and finance experience and skills as well as individuals from the Company's different operating regions. The Nominating and Corporate Governance Committee continues to look for opportunities to progress its diversity initiatives further.

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. 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 20 600

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.

Dr. Wolfgang Ziebart, Chairman

George Lorch

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 NYSE, 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 CD&A, included on page 30 of this Proxy Statement, 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 1997 Plan, the Compensation Committee may, to the extent that any such action will not prevent the 1997 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.

For information regarding the role of compensation consultants, see page 45 of this Proxy Statement.

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 20 600

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 be