Erickson Air-Crane Inc
Form S-1/A
December 05, 2011

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ERICKSON AIR-CRANE INCORPORATED INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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As filed with the Securities and Exchange Commission on December 5, 2011

Registration No. 333-166752

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 6
TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ERICKSON AIR-CRANE INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**3720**	**93-1307561**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

5550 SW Macadam Avenue, Suite 200
Portland, Oregon 97239
(503) 505-5800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Charles Ryan
Chief Financial Officer
Erickson Air-Crane Incorporated
5550 SW Macadam Avenue, Suite 200
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(503) 505-5800
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, $0.0001 par value		$75,000,000	$5,347.50(3)

(1) Includes shares of common stock that the underwriters have the option to purchase to cover the overallotment.

(2) Estimated solely for purposes of determining the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

(3)

The registration fee of $5,347.50 was previously paid on May 12, 2010.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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SUBJECT TO COMPLETION, DATED DECEMBER 5, 2011
PRELIMINARY PROSPECTUS

Erickson Air-Crane Incorporated
Shares
Common Stock
$ per share

This is Erickson Air-Crane Incorporated's initial public offering. We are selling shares of our common stock.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. We have applied to list our common stock on The NASDAQ Global Market under the symbol "EAC."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 14 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The selling stockholders named in this prospectus have granted the underwriters an option to purchase up to an additional shares of our common stock at the public offering price, less the underwriting discounts and commissions, to cover overallotments, if any, within 30 days from the date of this prospectus. We will not receive any proceeds from the sale of shares by the selling stockholders, if any; however, we will pay all expenses on behalf of the selling stockholders in connection with the offering other than the underwriting discounts and commissions payable by the selling stockholders.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about , 2012.

Stifel Nicolaus Weisel

The date of this prospectus is , 2012.

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Neither we, the underwriters, nor the selling stockholders have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. You should not rely on any information other than the information contained in this prospectus and in any free writing prospectus that we prepare. Neither we, the underwriters, nor the selling stockholders take any responsibility for, nor can provide any assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Erickson Air-Crane Incorporated, our logo, and other trademarks mentioned in this prospectus are the property of their respective owners.

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EXPLANATORY NOTE REGARDING RECAPITALIZATION

In connection with this offering, we will amend and restate our certificate of incorporation to convert our Series A Redeemable Preferred Stock and our Class A Common Stock into an aggregate of 7,405,436 shares of a single class of common stock. Unless otherwise noted, the information in this prospectus gives effect to our recapitalization and the amendment and restatement of our certificate of incorporation. We also intend to adopt a 2012 Stock Incentive Plan under which we intend to issue restricted common stock or rights to receive stock to certain of our employees concurrent with the closing of this offering. See "Capitalization" and "Executive Compensation 2012 Stock Incentive Plan" for additional information.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In this prospectus, unless otherwise indicated or the context otherwise requires, references to "we," "us," "our," the "Company," and "Erickson" refer to Erickson Air-Crane Incorporated and its subsidiaries on a consolidated basis.

Our Company

We specialize in the operation and manufacture of the Erickson S-64 Aircrane ("Aircrane"), a versatile and powerful heavy-lift helicopter. The Aircrane has a lift capacity of up to 25,000 pounds and is the only commercial aircraft built specifically as a flying crane without a fuselage for internal loads. The Aircrane is also the only commercial heavy-lift helicopter with a rear load-facing cockpit, combining an unobstructed view and complete aircraft control for precision lift and load placement capabilities.

We own and operate a fleet of 17 Aircranes, which we use to support a wide variety of government and commercial customers worldwide across a broad range of aerial services, including firefighting, timber harvesting, infrastructure construction, and crewing. We refer to this segment of our business as Aerial Services. We also manufacture Aircranes and related components for sale to government and commercial customers and provide aftermarket support and maintenance, repair, and overhaul services for the Aircrane and other aircraft. We refer to this segment of our business as Aircraft Manufacturing and Maintenance, Repair, and Overhaul ("Manufacturing / MRO"). As part of our Manufacturing / MRO segment, we also offer cost per hour ("CPH") contracts pursuant to which we provide components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. We believe CPH contracts help our customers better predict and manage their maintenance costs. In 2010, our Aerial Services and Manufacturing / MRO segments generated revenues of $105.7 million and $12.5 million, respectively. For the nine months ended September 30, 2011, our Aerial Services and Manufacturing / MRO segments generated revenues of $111.2 million and $10.8 million, respectively.

We own the Type and Production Certificates for the Aircrane, granting us exclusive design, manufacturing, and related rights for the aircraft and original equipment manufacturer ("OEM") components. We invest in new technologies and proprietary solutions with a goal of increasing our market share and entering new markets. We have made more than 350 design improvements to the Aircrane since acquiring the Type Certificate and we have developed Aircrane accessories that enhance our aerial operations, such as our firefighting tank system and snorkel, timber "heli harvester," and anti-rotation device and hoist.

We have manufactured 34 Aircranes for our own fleet and for our customers in several countries worldwide. To date, we have sold and delivered nine Aircranes, including our first sale to a commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated). In addition, we recently entered into an Aircraft Lease and Purchase Option Agreement with HRT Netherlands B.V. ("HRT"), a subsidiary of HRT Participações em Petróleo S.A., a Brazilian oil and gas exploration company, that provides HRT with an option to purchase one Aircrane on or prior to January 15, 2012. See "Summary Recent Developments."

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We believe we are the only fully integrated developer, manufacturer, operator, and provider of aftermarket parts and services for a precision heavy-lift helicopter platform, and that there are significant growth opportunities for our business. For example, we believe population growth and deconcentration, which increases the size and breadth of communities that must be protected from wildfires, will lead to increased government spending on rapid response, heavy-lift firefighting solutions such as the Aircrane. See "Business Competition" and "The Commercial Heavy-Lift Helicopter Industry Commercial Heavy-Lift Helicopter Markets." There is, however, no guarantee that growth will occur in the markets we serve or that we will be able to take advantage of growth opportunities. See "Risk Factors."

We target long-term contract opportunities and had a total backlog of $133.1 million as of September 30, 2011, of which $103.4 million was from signed contracts and $29.8 million was from anticipated contract extensions. We expect that approximately $111.8 million of the backlog will not be filled within the current fiscal year. See "Business Backlog" for a discussion of how we define and calculate backlog. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized."

Our Aerial Services operations are seasonal and tend to peak in June through October and tend to be at a low point in January through April. As a result of this seasonality, we have historically generated the majority of our revenues, and our cash flows, in the second half of the calendar year. We had cash used in operations of $8.4 million for the year ended December 31, 2010 and $14.4 million for the nine months ended September 30, 2011. We believe that our cash flows from operations, together with cash on hand and the availability of our credit facilities, will provide us with sufficient liquidity to operate our business for the foreseeable future.

We are headquartered at 5550 SW Macadam Avenue, Suite 200, Portland, Oregon 97239, our phone number is (503) 505-5800, and our website address is www.ericksonaircrane.com. The information on, or accessible through, our website is not a part of this prospectus and should not be relied upon in determining whether to make an investment decision. We have production, maintenance, and logistics facilities in Central Point, Oregon. We currently maintain a year-round international presence with operations in Canada, Italy, Malaysia, and Peru, and an operating presence in Australia, Brazil, and Greece.

We employ approximately 700 employees of whom approximately 500 are located in Oregon, primarily at our Central Point facilities and Portland headquarters. We employ approximately 100 pilots. We deploy crews, including pilots and maintenance personnel, on-site where we deploy our Aircranes.

Our Competitive Strengths

We believe we have certain competitive advantages in the heavy-lift helicopter market that further our ability to execute on our strategy.

Versatile Heavy-Lift Helicopter Solutions. The versatility and high payload capacity of the Aircrane, its proprietary mission-specific accessories, and the skill of our pilots and crews, make the Aircrane an attractive solution for a wide variety of aerial services. We believe our fleet of 17 owned and operating Aircranes is the largest commercial fleet of helicopters in the world capable of carrying loads of up to 25,000 pounds and that our role as the manufacturer of the Aircrane, combined with our scale, service readiness, and comprehensive global support network, provides us with a leadership position in the heavy-lift helicopter industry. See "Business Competition."

Vertically Integrated Business Model. We offer a full spectrum of heavy-lift helicopter solutions, including the design, engineering, development, manufacturing, and testing of the Aircrane, as well as Aerial Services and MRO services. We believe our integrated business model reduces our costs, diversifies our revenue stream, and results in better products and services through close collaboration between our product engineers and our operations personnel.

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Established International Presence. During our history, we have operated in 18 countries across five continents. Global operations allow us to maximize the use of our fleet for seasonal aerial services and position us to capitalize on opportunities in a broad range of geographies. We currently maintain a year-round international presence in Canada, Italy, Malaysia, and Peru, and an operating presence in Australia, Brazil, and Greece.

Proprietary Technologies and Continuous Innovation. We have made more than 350 design improvements to the Aircrane and have developed a variety of innovative accessories for our Aerial Services, including a 2,650 gallon firefighting tank and snorkel refill system, a "heli harvester" for aerial timber harvesting, and an anti-rotation device and hoist that facilitates precision heavy load placement. We continuously explore ways to deliver innovative solutions to our customers and to potential customers in new markets.

Valuable Long-Term Customer Relationships and Contracts. We believe that our established relationships with customers, some of whom have been customers for more than 20 years, allow us to effectively compete for and win new projects and contract renewals. Our long-term relationships help provide us with visibility with respect to our revenue, aircraft utilization, and scheduled usage patterns. We increased our backlog as of September 30, 2011 by $100.1 million to $133.1 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We derived more than 50% of our 2010 revenues from long-term contracts, some of which extend beyond 2013. See "Business Backlog" for a discussion of how we define and calculate backlog. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized."

Experienced and Growth-Oriented Management Team. Within the last four years, we have added the six members of our senior management team, including our Chief Executive Officer ("CEO"), our Chief Financial Officer ("CFO"), our Senior Vice President of Global Sales and Marketing, our Vice President of Manufacturing and MRO, our Vice President of Aerial Services, and our Vice President, General Counsel, and Corporate Secretary. Our senior management team has an average of more than 20 years of experience in the aviation industry and rotorcraft sector. This professional aerospace team provides us with deep domain knowledge, extensive operational and manufacturing expertise, and strong customer and business relationships.

Our Strategy

Our goals are to strengthen our position in the competitive heavy-lift helicopter industry by continuing to provide innovative, value-added solutions to our customers, and to expand our aircraft and component sales and MRO services. We intend to focus on the following strategies to achieve these goals:

Maintain Position in Aerial Services and Expand into New Markets. We intend to leverage our global presence, our vertically integrated offerings, and our innovative technologies to expand our customer base and increase our fleet utilization in existing and new markets. We expect to opportunistically expand our aircraft fleet to support customer demand.

Firefighting. We intend to opportunistically enter European, Asian, and South American countries that have significant fire seasons. We expect the seasonal differences between these countries and those we currently serve will provide us with the opportunity to increase our global fleet utilization and provide more scale in each of our key target regions.

Timber harvesting. We intend to opportunistically enter new markets in South America and Asia where abundant high-value timber resources present significant growth potential for our heavy-lift solutions. In addition, we expect to continue to capitalize on the growing desire for sustainable timber harvesting practices, as we have done in North America and Malaysia.

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Infrastructure construction. We believe that infrastructure construction represents a large market with growth potential for us. In particular, we believe that electrical grid development and modernization, oil and gas pipeline construction, wind turbine construction, and other alternative energy projects represent our most significant growth opportunities in this sector.

Emergency response. We have developed and continue to expand a comprehensive emergency response marketing effort to provide advanced global aerial solutions in support of disaster recovery, hazard mitigation, and infrastructure restoration.

Crewing. We have experienced strong demand for crewing services from customers who have purchased our Aircranes and we expect this trend to continue as the global installed base of Aircranes expands.

Increase Our Aircrane Sales. We intend to increase sales of the Aircrane to existing and new customers. In addition to generating profits upon sale, we expect an increase in the installed base of Aircranes to augment demand for our crewing services, OEM components, and MRO and other aftermarket services. We have established a sales team that is focused on expanding Aircrane sales.

We completed our first sale of an Aircrane to a commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated). On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT, a subsidiary of a Brazilian oil and gas exploration company, pursuant to which HRT has leased an Aircrane, with an option to purchase the Aircrane that may be exercised by HRT on or prior to January 15, 2012. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business."

Expand Our MRO and Aftermarket Solutions. We intend to leverage the expertise of our highly trained engineers and maintenance support personnel to extend our MRO capabilities across aircraft platforms similar to the Aircrane. We have entered into a service and supply agreement with Bell Helicopter Textron Inc. ("Bell") pursuant to which we will manufacture and sell certain commercial aircraft parts and components to Bell. We believe that we are also well-positioned to provide similar services for other aircraft, directly or in partnership with OEMs.

Maintain a Focus on Long-Term Customer Relationships and Contracts. We intend to focus on developing long-term relationships with key customers through reliable performance and a strong commitment to safety and service. This focus has resulted in an increase in our backlog and we believe it has given us a competitive advantage in competing for new contracts and renewals of existing contracts.

Maintain a Continued Focus on Research and Development. We are dedicated to continuous innovation and significant research and development projects. Our operations have benefited from innovations such as our fire tank and snorkels, anti-rotation device and hoist, hydraulic grapple, and a redesigned automated flight control system ("AFCS"). We have several new product applications and aircraft accessories under development, including composite main rotor blades, and a universal multipurpose container for cargo transportation. See "Business Research and Development."

Selectively Pursue Acquisitions of Businesses and Complementary Aircraft. We intend to continue to opportunistically evaluate the acquisition of businesses and aircraft that could complement and enhance our Aerial Services capabilities and service offerings and increase our access to customers and our penetration of new and existing markets.

There is no guarantee that we will be able to execute on our strategies, and, even if we successfully execute on our strategies, there is no guarantee that our strategies will strengthen our position in the heavy-lift helicopter industry. Our ability to execute on our strategies is subject to risks and uncertainties described in "Risk Factors."

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Changes to Our Company Since Our 2007 Acquisition

All of our issued and outstanding common stock was acquired by a group of private equity investors in September 2007. Our new stockholders have taken several steps to improve our business and financial position and improve our focus on implementing our strategies.

Management. We have added strong professional aerospace managers to our management team, adding six members of our senior management team, including our CEO and CFO, our Senior Vice President of Global Sales and Marketing, our Vice President of Manufacturing and MRO, our Vice President of Aerial Services, and our Vice President, General Counsel, and Corporate Secretary. This management team has extensive experience in the helicopter services and aerospace manufacturing sectors and has brought significant improvements to our operations.

Focus on Long-Term Contracts. We have focused on building a diverse range of long-term relationships and obtaining long-term contracts. We have increased our backlog as of September 30, 2011 by $100.1 million to $133.1 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We derived more than 50% of our 2010 revenues from long-term contracts, some of which extend beyond 2013. See "Business Backlog" for discussion of how we define and calculate backlog. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized."

Increased MRO Focus. We have begun to leverage our expertise with the Aircrane and the military version of the Aircrane, known as the CH-54, to offer MRO services to customers with similar aircraft platforms who need their aircraft components repaired or overhauled by a certified facility.

Oil and Gas Pipeline Construction. We have begun penetrating the oil and gas pipeline construction services market. We have recently entered into a three-year services contract with an oil and gas exploration company in Peru and have entered into an Aircraft Lease and Purchase Option Agreement with a subsidiary of a Brazilian oil and gas exploration company. See "Summary Recent Developments."

Increased Effort to Expand Aircrane Sales. Our sales group is dedicated to expanding Aircrane sales, and has significantly increased our sales pipeline activities. We may enter into agreements providing options to potential customers on future aircraft deliveries, which options only become binding obligations on us if non-refundable deposits are paid, usually shortly after the agreement is signed. The options allow us to engage potential customers in the sale process.

Improved Standards for Safety and Quality. We have implemented specific, company-wide safety and quality processes to further enhance our safety and quality culture and now exceed several recommended Federal Aviation Administration ("FAA") standards.

Recent Developments

Since September 30, 2011, a number of developments have occurred that may have a material impact on our business:

Repsol Transaction. In October 2011, we entered into a three-year helicopter services agreement with Repsol Exploración Perú S.A. ("Repsol"), a Peruvian subsidiary of a Spanish oil and gas exploration company that is developing natural gas resources in Peru. Under the terms of the agreement, we are providing helicopter services to Repsol in connection with Repsol's construction of a natural gas pipeline in Peru. The agreement with Repsol represents a material portion of our total backlog. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized."

HRT Transaction. On October 11, 2011, we amended an Aircraft Lease and Purchase Option Agreement with HRT, a subsidiary of a Brazilian oil and gas exploration company, that we had entered into on August 1, 2011. Pursuant to the terms of the agreement, as amended, HRT has leased

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an Aircrane for a period beginning on September 1, 2011 and ending on January 15, 2012 and has an option to purchase the Aircrane on or prior to January 15, 2012. HRT's purchase option expires on January 15, 2012. Upon commencement of the agreement, HRT made an advance payment to us covering the cumulative fixed monthly lease payments for the full 4.5 month term of the lease. If HRT exercises the option and purchases the Aircrane, the advance payment will be credited against the purchase price of the Aircrane. If HRT purchases the Aircrane in 2012, we expect the sale to represent a significant portion of our revenues in 2012. However, there is no guarantee that such sale will occur. See "Risk Factors Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement."

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THE OFFERING

Common stock offered by Erickson Air-Crane Incorporated	shares
Common stock to be outstanding after this offering	shares
Common stock subject to overallotment option granted by selling stockholders	shares (these shares will only be sold, in full or in part, if the underwriters exercise their overallotment option to purchase additional shares)
Use of proceeds	We estimate that we will receive net proceeds from the sale of shares of common stock in this offering of approximately $ million, assuming an initial public offering price of $ per share, the midpoint of the sale price range set forth on the cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the proceeds of this offering as follows: approximately $ million to manufacture Aircranes and related components; approximately $ million to pay down indebtedness under our revolving credit facility, which will increase the amounts available for future borrowing; approximately $19.5 million to pay down our unsecured subordinated promissory notes; and the remaining net proceeds for general corporate and working capital purposes, including possible acquisitions of additional aircraft or businesses to complement our aerial services and enhance our service offerings. We have had informal discussions about potential acquisitions of this nature but currently have no definitive agreements or understandings with respect to any of them. As of September 30, 2011, our total indebtedness, excluding letters of credit, was $122.0 million, consisting of $45.6 million borrowed under our revolving credit facility, $56.9 million borrowed under our term loan facility and $19.5 million borrowed under our unsecured subordinated promissory notes. At September 30, 2011, we had maximum availability for borrowings under our revolving credit facility of approximately $21.8 million. We issued $19.5 million of unsecured subordinated promissory notes to provide for additional borrowing capacity under our revolving credit facility, recognizing that the proceeds of this offering are intended to be used to pay off the remaining amounts owed under the unsecured subordinated promissory notes. Under the terms of our revolving credit facility, we are prevented from paying down principal on the unsecured subordinated promissory notes unless such payments are made with the proceeds of this offering.

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	We anticipate that the actual allocation of our resources to the above or other uses will depend on the needs and opportunities that our management perceives at the time of the allocation. For example, the amount allocated to the manufacture of Aircranes and related components represents management's current estimate based on its perceived needs and opportunities. The actual allocation of the net proceeds to this category may be greater or less than the amount currently estimated based on changes in our opportunities and requirements for aircraft and components, the availability and price of airframes and other components, or for other reasons that management does not currently anticipate. We will not receive any of the proceeds from the sale of shares by the selling stockholders. However, we will pay all expenses related to this offering other than the underwriting discount and commissions in connection with the sales of shares of our common stock by the selling stockholders. See "Use of Proceeds" for additional information.
Proposed NASDAQ Global Market symbol	"EAC"
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before investing in shares of our common stock.

The number of shares of common stock to be outstanding after this offering is based on our shares outstanding as of the date of this prospectus, which gives effect to the completion of our recapitalization described in "Explanatory Note Regarding Recapitalization."

Unless we indicate otherwise, all information in this prospectus excludes:

- 643,951 shares of common stock reserved for issuance under our 2012 Stock Incentive Plan, which we intend to adopt prior to the closing of this offering, which includes the following shares of restricted stock, or rights to receive stock, that we intend to issue concurrently with this offering: (1)   shares of restricted stock to certain members of our management; (2) an estimated 17,500 shares of restricted stock to a broad base of our employees based on years of service with us; and (3) an estimated 7,500 shares of restricted stock to our independent directors. The estimated share amounts for employees and independent directors are based on the midpoint of the sale price range set forth on the cover of this prospectus. The actual number of shares to be awarded to employees and independent directors will be based on an aggregate dollar amount and will depend on the sale price of our common stock in this offering; and

- the shares of common stock to be sold by the selling stockholders if the underwriters exercise their overallotment option.

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SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our summary consolidated financial and other data. We derived our summary consolidated financial and other data as of December 31, 2009 and 2010, and for the years ended December 31, 2008, 2009, and 2010 from our audited consolidated financial statements and notes thereto, which are included elsewhere in this prospectus. The balance sheet data as of December 31, 2008 has been derived from our audited consolidated financial statements which are not included in this prospectus.

We derived our summary consolidated financial and other data as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011 from our unaudited condensed consolidated financial statements and notes thereto, which are included elsewhere in this prospectus. These unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

Our summary consolidated financial and other data are not necessarily indicative of our future performance. The data provided in this table are only a summary and do not include all of the data contained in our financial statements. Accordingly, this table should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and related notes contained elsewhere in this prospectus and the sections of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization."

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(In thousands, except share and per share amounts)	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Consolidated Statement of Operations Data:					
Net revenues:					
Aerial services	$ 136,548	$ 113,603	$ 105,747	$ 82,358	$ 111,235
Manufacturing / MRO	5,376	36,019	12,493	10,682	10,819
Total net revenues	141,924	149,622	118,240	93,040	122,054
Cost of revenues:					
Aerial Services	96,750	76,855	81,353	61,433	75,275
Manufacturing / MRO	5,019	21,272	7,651	6,047	8,394
Total cost of revenues	101,769	98,127	89,004	67,480	83,669
Gross profit	40,155	51,495	29,236	25,560	38,385
Operating expenses:					
General and administrative	14,010	14,877	14,105	9,717	9,534
Research and development	7,024	6,889	6,400	5,398	3,223
Selling and marketing	1,984	5,115	6,987	4,630	5,469
Total operating expenses	23,018	26,881	27,492	19,745	18,226
Operating income (loss)	17,137	24,614	1,744	5,815	20,159
Other income (expense):					
Interest income	305	157	14	19	24
Interest expense	(7,070)	(6,163)	(4,879)	(3,410)	(6,580)
Loss on early extinguishment of debt[1]			(2,265)	(2,265)	
Other income (expense)[2]	5,962	(987)	(6,193)	5,507	890
Total other income (expense)	(803)	(6,993)	(13,323)	(149)	(5,666)
Net income (loss) before income taxes and noncontrolling interest	16,334	17,621	(11,579)	5,666	14,493
Income tax expense (benefit)	6,000	5,330	(3,544)	3,360	6,596
Net income (loss)	10,334	12,291	(8,035)	2,306	7,897
Less: Net (income) loss related to noncontrolling interest	(230)	(239)	(216)	(322)	(603)
Net income (loss) attributable to Erickson Air-Crane Incorporated	10,104	12,052	(8,251)	1,984	7,294
Dividends on Series A Redeemable Preferred Stock[3]	5,877	6,806	7,925	5,818	6,729
Net income (loss) attributable to common stockholders	4,227	5,246	(16,176)	(3,834)	565
Net income (loss)	10,334	12,291	(8,035)	2,306	7,897
Other comprehensive income (loss):					
Foreign currency translation adjustment	(540)	571	45	(135)	(329)
Comprehensive income (loss)	$ 9,794	$ 12,862	$ (7,990)	$ 2,171	$ 7,568
Pro forma earnings (loss) per share (unaudited):[4]					
Basic	$ 1.36	$ 1.63	$ (1.11)	$ 0.27	$ 0.98
Diluted	$ 1.26	$ 1.50	$ (1.11)	$ 0.25	$ 0.91
Pro forma weighted average shares outstanding (unaudited):[4]					
Basic	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436
Diluted	8,049,387	8,049,387	7,405,436	8,049,387	8,049,387

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(In thousands)	As of December 31, 2008	As of December 31, 2009	As of December 31, 2010	As of September 30, 2011
Consolidated Balance Sheet Data:				
Cash and cash equivalents	$ 2,303	$ 3,536	$ 1,928	$ 3,056
Aircranes, property, plant and equipment, net	46,998	44,829	52,515	57,314
Working capital[5]	4,773	6,702	4,659	21,363
Total assets	168,369	178,967	203,703	239,154
Total debt[1]	86,208	80,546	93,015	122,009
Series A redeemable preferred stock[6]	42,279	49,085	57,010	63,739
Stockholders' equity:				
Common stock	1	1	1	1
Total stockholders' equity (deficit)	(4,454)	485	(15,598)	(15,013)

(In thousands)	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Consolidated Statement of Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	$ (8,717)	$ 9,900	$ (8,430)	$ (6,982)	$ (14,416)
Investing activities	546	(2,667)	(5,017)	(3,125)	(12,105)
Financing activities	2,111	(5,662)	11,057	6,291	28,216

(In thousands, except percentages)	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Other Financial Data:					
Gross margin %	28.3%	34.4%	24.7%	27.5%	31.4%
Operating margin %	12.1%	16.5%	1.5%	6.3%	16.5%
EBITDA (unaudited)[7]	$ 27,537	$ 28,742	$ (1,482)	$ 12,749	$ 26,600
Bank EBITDA (unaudited)[8]	$ 23,048	$ 31,496	$ 11,859	$ 12,815	$ 26,764

(1) Debt is comprised of amounts outstanding under our credit facilities and our unsecured subordinated promissory notes. In June 2010, we replaced our revolving credit facility and our term loan with a new credit facility. As a result of the refinancing, we expensed $2.3 million, including the unamortized portion of the previously deferred financing costs and early termination fees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

(2) Other income (expense) for the year ended December 31, 2008 includes a $4.3 million net gain related to an insurance settlement with respect to an Aircrane accident; and for the 2010 period includes a net gain related to an Aircrane accident in Malaysia of $6.3 million, after accounting for insurance proceeds, and $10.0 million in litigation settlement expenses.

(3) Dividends on Series A Redeemable Preferred Stock represent non-cash accruals. No cash dividends have been paid or will be paid to holders of Series A Redeemable Preferred Stock. The Series A Redeemable Preferred Stock and the Class A common stock will be converted into 7,405,436 shares of a single class of common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization."

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(4)

Pro forma amounts give effect to our recapitalization in connection with this offering, including the conversion of Series A Redeemable Preferred Stock into common stock. The pro forma weighted diluted share amounts also include 643,951 shares of restricted common stock, or rights to receive common stock, of which we intend to issue shares, or rights to receive shares, concurrently with this offering under our 2012 Stock Incentive Plan (except for the year ended December 31, 2010 because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2012 Stock Incentive Plan."

(5)

Working capital is calculated as our current assets less our current liabilities.

(6)

Represents Series A Redeemable Preferred Stock which will be converted into common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization" and note 3 above.

(7)

We define EBITDA as net income (loss) before interest expense, net, provision for (benefit from) income taxes, and depreciation and amortization.

To provide investors with additional information regarding our financial results, we have disclosed in the table below and elsewhere in this prospectus EBITDA, a non-GAAP financial measure. We have provided a reconciliation below of EBITDA to net income (loss), the most directly comparable GAAP financial measure. EBITDA is not a financial measurement prepared in accordance with GAAP and should not be considered as an alternative to revenue, net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity or any other measure of financial performance presented in accordance with GAAP. We present EBITDA because we believe it is an important measure of our operating performance and provides more comparability between our historical results by taking into account our capital structure including (i) changes in our asset base (depreciation and amortization) from acquisitions and from capital expenditures, and (ii) changes in interest expense and amortization of financing costs. Because not all companies use identical calculations, our presentation of EBITDA may not be comparable to similarly titled measures of other companies.

The following table presents a reconciliation of net income (loss) to EBITDA for each of the periods indicated:

(In thousands)	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
EBITDA Reconciliation:					
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 10,104	$ 12,052	$ (8,251)	$ 1,984	$ 7,294
Interest expense, net	6,765	6,006	4,865	3,391	6,556
Tax expense (benefit)	6,000	5,330	(3,544)	3,360	6,596
Depreciation	3,863	4,378	4,745	3,462	5,601
Amortization of debt issuance costs	805	976	703	552	553
EBITDA	$ 27,537	$ 28,742	$ (1,482)	$ 12,749	$ 26,600

(8)

We use an adjusted EBITDA ("Bank EBITDA") to monitor compliance with various financial covenants under the credit agreement dated June 24, 2010, by and among us, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, Keybank National Association and Bank of the West (as amended, the "Credit Agreement") and in connection with measuring performance for management incentive compensation. In addition to adjusting net income (loss) to exclude interest expense, net, provision for (benefit from) income taxes, and depreciation and amortization, Bank

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EBITDA also adjusts net income by excluding non-cash mark-to-market foreign exchange gains (losses), specified litigation expenses up to a maximum of $2.0 million for any 12-month period, certain management fees, gains from sale of equipment, non-cash charges arising from awards to employees relating to equity interests, non-cash charges relating to financings, initial public offering-related non-capitalized expenses up to a maximum of $2.0 million, certain fourth quarter 2010 charges up to $11.6 million and other unusual, extraordinary, non-recurring, non-cash costs. For each calculation of Bank EBITDA made as of the end of the quarters ending June, September, and December, 2011 and March, 2012, Bank EBITDA also includes an amount equal to the $10.0 million in new unsecured subordinated promissory notes dated June 30, 2011 and any additional subordinated debt issued in connection with an equity cure under the Credit Agreement. Such amounts have been excluded from this table for presentation purposes. Bank EBITDA also assists us in monitoring our ability to undertake key investing and financing functions such as making investments and incurring additional indebtedness, which may be prohibited by the covenants under our credit facilities unless we meet certain financial ratios and tests. Bank EBITDA, as presented herein, is a supplemental measure of our performance that is not required by or presented in accordance with GAAP. Bank EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to revenue, net income (loss), cash flow, or any other performance measure derived in accordance with GAAP. Our presentation of Bank EBITDA may not be comparable to similarly titled measures of other companies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness Bank EBITDA."

The following table presents a reconciliation of EBITDA to Bank EBITDA for the periods indicated:

(In thousands)	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Bank EBITDA Reconciliation:					
EBITDA	$ 27,537	$ 28,742	$ (1,482)	$ 12,749	$ 26,600
Non-cash unrealized mark-to-market foreign exchange gains (losses)	(1,071)	992	905	82	(1,461)
Interest related to tax contingencies	680	500	495	371	270
Management fees[1]	500	500	165	165	
Loss on early extinguishment of debt			2,265	2,265	
Litigation expense		1,430	2,000	1,360	1,360
Legal settlements and other			11,600		
Other (gains) losses	(4,598)[2]	(668)	(4,089)[3]	(4,177)[3]	(5)
Bank EBITDA	$ 23,048	$ 31,496	$ 11,859	$ 12,815	$ 26,764[4]

(1) Fees paid to a previous stockholder pursuant to a management agreement that terminated in 2010.

(2) Includes a $4.3 million net adjustment related to an Aircrane accident in 2008.

(3) Includes a $4.2 million net adjustment related to an Aircrane accident in 2010.

(4)

As part of the amendments to the Credit Agreement on June 30, 2011, the new unsecured subordinated promissory notes are included, with limitation, as an addition to Bank EBITDA. Such amounts have been excluded from this table for presentation purposes.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this prospectus before making a decision to invest in our common stock. If the events described below actually occur, our business, operating results, or financial condition could be materially adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Business

Our helicopter operations involve significant risks, which may result in hazards that may not be covered by our insurance or may increase the cost of our insurance.

The operation of helicopters inherently involves a high degree of risk. Hazards such as aircraft accidents, mechanical failures, collisions, fire, and adverse weather may result in loss of life, serious injury to employees and other persons, damage to property, losses of equipment and revenues, and suspension or reduction of operations. The aerial services we provide and the missions we fly, which include firefighting and timber harvesting in confined spaces, can be hazardous. Since 2003, we have experienced an average of 6.7 incidents per 1,000 flight hours and 0.07 accidents per 1,000 flight hours. An "incident" is an occurrence, other than an accident, which affects or could affect the safety of operations; an "accident" is an occurrence associated with the operation of an aircraft, which takes place between the time any person boards the aircraft with the intention of flight and all such persons have disembarked, and in which any person suffers death or serious injury, or in which the aircraft receives substantial damage. Since 2003, we had seven accidents that resulted in the loss or hangar rebuild of aircraft, injuries to pilots and crew, and four fatalities, including an accident in June 2010 that resulted in the loss of an aircraft and the death of a pilot. In addition, we ship our helicopters to various locations, which exposes them to risks, including risks relating to piracy and inclement weather, when in transit.

We maintain hull and liability insurance on our aircraft, which insures us against physical loss of, or damage to, our aircraft and against certain legal liabilities to others. In addition, we carry war risk, expropriation, confiscation, and nationalization insurance for our aircraft involved in international operations. In some instances, we are covered by indemnity agreements from our customers in lieu of, or in addition to, our insurance. In addition, we maintain product liability insurance for aircraft and aircraft components we manufacture. We do not currently maintain business interruption insurance, which would cover the loss of revenue during extended periods, such as those that occur during unscheduled extended maintenance or due to damage to aircraft from accidents. In addition, our insurance will not cover any losses incurred pursuant to any performance provisions under agreements with our customers.

Our insurance and indemnification arrangements may not cover all potential losses and are subject to deductibles, retentions, coverage limits, and coverage exceptions and, as a result, severe casualty losses or the expropriation or confiscation of significant assets could materially and adversely affect our financial condition or results of operations. The insured value of one of our aircraft is typically lower than its replacement cost, and our aircraft are not insured for loss of use. The occurrence of an event that is not fully covered by insurance could have a material adverse impact on our financial condition, results of operations, and cash flows. The loss of an aircraft, which we believe would take us approximately six months to replace, could negatively impact our operations.

Failure to maintain our safety record would seriously harm our ability to attract new customers and maintain our existing customers, and would increase our insurance costs.

A favorable safety record is one of the primary factors a customer reviews in selecting an aviation provider. If we fail to maintain our safety and reliability record, our ability to attract new customers and maintain our current customers will be materially and adversely affected. In addition, safety violations could lead to increased regulatory scrutiny; increase our insurance rates, which is a significant operating cost; or increase the difficulty of maintaining our existing insurance coverage in the future, which would adversely affect our operations. Because of the inherent risks in our helicopter operations, no safety

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program can guarantee accidents will not occur. Since 2003, we have experienced an average of 6.7 incidents per 1,000 flight hours and 0.07 accidents per 1,000 flight hours. An "incident" is an occurrence, other than an accident, which affects or could affect the safety of operations; an "accident" is an occurrence associated with the operation of an aircraft, which takes place between the time any person boards the aircraft with the intention of flight and all such persons have disembarked, and in which any person suffers death or serious injury, or in which the aircraft receives substantial damage. Since June 2003, we had seven accidents that resulted in the loss or hangar rebuild of aircraft, injuries to pilots and crew, and four fatalities, including an accident in June 2010 that resulted in the loss of an aircraft and the death of a pilot.

Our indebtedness could adversely affect our financial condition and impair our ability to operate our business.

We are a highly leveraged company and, as a result, have significant debt service obligations. As of September 30, 2011, our total indebtedness, excluding letters of credit, was $122.0 million, consisting of $45.6 million borrowed under our revolving credit facility, $56.9 million borrowed under our term loan facility and $19.5 million borrowed under unsecured subordinated promissory notes. At September 30, 2011, we had maximum availability for borrowings under our revolving credit facility of approximately $21.8 million.

Our substantial indebtedness could have significant negative consequences to us that you should consider. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to pay principal of, and interest on, our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, or other general corporate purposes, or to carry out other aspects of our business plan;
- increase our vulnerability to general adverse economic and industry conditions and limit our ability to withstand competitive pressures;
- limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to obtain additional financing for working capital, capital expenditures, and other aspects of our business plan.

Our ability to meet our debt obligations and other expenses will depend on our future performance, which will be affected by financial, business, economic, regulatory, and other factors, many of which we are unable to control. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition."

We amended the Credit Agreement effective December 31, 2010. An initial amendment removed the requirement to comply with existing financial covenants as of December 31, 2010, added a net income covenant calculation for fiscal 2010, and adjusted certain amounts related to the determination of Bank EBITDA and tangible net worth. In addition, the interest rate matrix was modified to add an additional pricing tier. Subsequent amendments waived our non-compliance with certain requirements and financial covenants under the Credit Agreement for both the fourth quarter of 2010 and the first quarter of 2011, and modified the financial covenants for future periods. These amendments modified the interest rate matrix and adjusted our financial reporting requirements. In connection with these amendments we issued new unsecured subordinated promissory notes in the amount of $10.0 million to ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P., which were funded on June 30, 2011. Absent these amendments, we would not have been in compliance with the covenants in the Credit Agreement at December 31, 2010 and March 31, 2011. We were in compliance with our Credit Agreement covenants at June 30, 2011 and September 30, 2011. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

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Our indebtedness is secured by liens on substantially all of our assets, including our interests in our subsidiaries, against which our lenders could proceed if we default on our obligations. When our term loan and revolving loan come due in 2013, we will likely need to enter into new financing arrangements to repay those loans. We may be unable to obtain financing on favorable terms or at all, which could adversely affect our business, financial condition, and results of operations. For more information on our indebtedness, please see our financial statements included elsewhere in this prospectus and our description of indebtedness in "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

We make estimates in accounting for revenues and costs, and any changes in these estimates may have significant impacts on our earnings.

We sell Aircranes under long-term contracts with our customers. We have historically, including in the periods presented in this prospectus, recognized revenues on Aircrane sales when the aircraft is delivered to a customer. We expect to account for Aircrane sales using the percentage of completion method of accounting, when all of the requirements are met. Revenue on contracts using the percentage of completion method is recognized as work progresses toward completion and is based on estimates, including estimated labor hours. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition."

Our Aircranes are normally manufactured under long-term construction contracts, and we expect to recognize revenues for Aircrane sales over several fiscal periods. Changes in estimates affecting sales, costs, and profits are recognized in the period in which the change becomes known using the cumulative catch-up method of accounting, resulting in the cumulative effect of changes reflected in the period. A significant change in an estimate on one or more contracts could have a material effect on our results of operations.

We also offer cost per hour contracts to customers under which we provide components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. If actual costs vary materially from our estimates, our operating results could be materially and adversely affected.

The helicopter services business is highly competitive.

Each of our segments faces significant competition. We compete for most of our work with other helicopter operators and, for some operations, with fixed-wing operators and ground-based alternatives. Many of our contracts are awarded after competitive bidding, and competition for those contracts is generally intense. The principal aspects of competition are safety, price, reliability, availability, and service.

We have several major competitors and numerous small competitors operating in our aerial services markets. In the firefighting market, we compete heavily with both helicopter and fixed-wing operators. Our competitors may at times undercut our prices, especially if they are at risk of having too many idle aircraft. In the timber harvesting market, we compete with other heavy-lift helicopter operators, medium-lift helicopter operators, and ground-based solutions. The cyclical supply/demand for timber may at times drive down commodity prices, which in turn can make lower cost/productivity solutions more attractive. A competitor could develop, or acquire (including from the military) and adapt, an aircraft with heavy-lift capability that directly competes with one of our aircraft and diminishes its competitive advantages; while we are not aware of current development of a competitive aircraft or any competitor's plan to acquire and convert a military helicopter to civilian uses that would compete with our services, such a development could adversely affect our results of operations. The conversion of a military aircraft for civilian use would take time and expense and would typically be subject to an extended FAA approval process, which mitigates the short-term risk to our business of such a conversion.

In the manufacturing and MRO market, our competitors may have more extensive or more specialized engineering, manufacturing, and marketing capabilities than we do in some areas. In addition, some of our largest customers could develop the capability to manufacture products or provide services similar to products that we manufacture or services that we provide. This could result in these customers supplying their own products or services and competing directly with us for sales of these products or services, all of which could significantly reduce our revenues. Furthermore, we are facing increased international competition and cross-border consolidation of competition.

We cannot assure you that we will be able to compete successfully against our current or future competitors or that the competitive pressures we face will not result in reduced revenues and market share. If we are unable to adjust our costs relative to our pricing, our profitability will suffer. In addition, some of our competitors may have greater financial and other resources than we do, and may therefore be able to react to market conditions and compete more effectively than we do.

Factors beyond our control, including weather and seasonal fluctuations, may reduce aircraft flight hours, which would affect our revenues and operations.

A significant portion of our operating revenue is dependent on actual flight hours, and a substantial portion of our direct costs is fixed. Flight hours could be negatively impacted by factors beyond our control and fluctuate depending on cyclical weather-related and seasonal limitations, which would affect our revenues and operations. These factors include:

- poor weather conditions;
- unexpected maintenance or repairs; and
- unexpectedly calm fire seasons.

From November through February, heavy snow in North America and significant rainfall in Asia Pacific can impede timber harvesting operations. Our aircraft are not currently equipped to fly at night, reinforcing the seasonality of our business with more activity in the Northern Hemisphere during the summer months and less activity during the winter months. Also, firefighting activity is dependent on fires in dry conditions during summer months. In addition, there is variability in the number and extent of fires from year to year, and these patterns are not predictable.

The missions that we fly can be flown safely only if weather conditions permit. Poor visibility, high winds, and heavy precipitation can restrict the operation of helicopters and significantly reduce our flight hours. Reduced flight hours can have a material adverse effect on our business, financial condition, and results of operations. We budget for our operations based on historical weather information, but worse than expected weather could materially affect our results of operations.

We depend on a small number of large customers for a significant portion of our revenues.

We expect to derive a significant amount of our revenue from a small number of major customers, including the U.S. Forest Service, the Hellenic Fire Brigade, the Italian Ministry of Civil Protection, and Samling Global. Approximately 61.5% of our 2010 revenues were attributable to these customers. Approximately 57.2% of revenues for the nine months ended September 30, 2011 were attributable to these customers. Several of our largest customers are governmental agencies or entities that may be subject to budget or other financial constraints. The economies of Greece and Italy in particular have been adversely affected by global financial pressures. We may suffer delays in payment, payment defaults or termination of contracts of governmental agencies or entities as a result of such financial difficulties, which would adversely affect our results of operations. Some of our customer contracts, including those with the U.S. Forest Service and the Australia Fire Service, include "call when needed" provisions, and therefore the precise amounts we will ultimately earn under these agreements are not known. Contracts with the majority of our significant customers are multi-year contracts; however, these contracts are periodically up for renewal or rebid. Renewal, or a successful rebid, is not guaranteed. Should we lose one of our significant customers, we cannot assure you that we will be able to offset the loss with revenues from new or other existing customers. Reduced revenues would have a material adverse effect on our business and operations. If one or more of these customers is disproportionately impacted by factors that affect its ability to pay us or to enter into new contracts, including general economic factors, our operations could be materially and adversely affected.

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In the past, several of our larger contracts have not been renewed for reasons unrelated to our performance, such as the financial condition of our customers or their decision to move the services we provided to them in-house. For example, in 2007 we were not awarded any long-term contracts by the U.S. Forest Service. Accordingly, we cannot assure you that in any given year we will be able to generate similar revenues from our customers as we did in the previous year. Our current contract with the U.S. Forest Service ends at the end of 2011 and, though we submitted a bid pursuant to our new tender for service in 2012, with three one-year extensions, there is no guarantee that this contract will be renewed.

Some of our backlog may be deferred or may not be entirely realized.

Backlog represents the amount of revenue that we expect to derive from signed contracts, including oral contracts that have been subsequently memorialized in writing, or anticipated contract extensions. As of September 30, 2011, we had approximately $133.1 million of backlog, of which $103.4 million was from signed contracts and $29.8 million was from anticipated contract extensions. We expect that approximately $111.8 million of the backlog will not be filled within the current fiscal year. For contracts that include both a daily and hourly rate component, only the daily component of revenue is included in backlog and an estimate of the expected hourly revenue is not included. For contracts that include a guaranteed number of hours, the value of the guaranteed hours is included in backlog. For cost per hour contracts, which depend on hours flown by our customers, we calculate the contribution to backlog based on contracted minimum hours. When a binding aircraft sale contract has been signed with a customer, the purchase price of the aircraft is included in backlog. When we sign a contract giving a potential purchaser an option to purchase an aircraft which only becomes binding on a non-refundable payment of a material option fee, we do not include the purchase price of the aircraft in backlog until the non-refundable payment has been made and the contract is a binding purchase contract. A customer may default on a purchase contract that has become binding, and we may not be able to convert sales contract backlog into revenue. We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the cubic meters of high grade timber we expect to deliver under the contract based on our experience. As a result, our estimates of backlog for some of our timber harvesting contracts could be affected by variables beyond our control and may not be entirely realized, if at all.

In addition, given the nature of our customers and our industry, there is a risk that our backlog may not be fully realized in the future. For example, the terms of contracts with the U.S. Government, such as our contract with the U.S. Forest Service, generally permit the U.S. Government to terminate the contract, partially or completely, without cause, at the end of each annual period of the contract. Our contracts with other customers may contain similar provisions. A large portion of our operating expenses are relatively fixed and cancellations, reductions or delays in orders by a customer could have a material adverse effect on our business, financial condition and results of operations. Any unexpected termination of a significant government contract could have a material adverse effect on our results of operations. Failure to realize sales from our existing or future backlog would negatively impact our financial results.

Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement.

Operating results in our Manufacturing / MRO segment are affected by many factors, including the timing of orders from large customers and the timing of expenditures to manufacture parts and purchase inventory in anticipation of future sales of products and services. The sale of Aircranes has a material effect on our financial results, and Aircrane sales have been a dominant factor in fluctuations in our year-over-year results.

As we have expanded internationally and sought to make Aircrane sales in the difficult economic environment in the last few years, several potential customers have defaulted or not completed anticipated Aircrane sales. In September 2010, we entered into an Aircrane purchase agreement with a potential Brazilian purchaser which required staged payments beginning in September 2010 based on set conditions, but was subject to financing being arranged by the purchaser. Although we substantially completed the

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Aircrane for delivery, no payments were made by the purchaser and we terminated the agreement in December 2010. Subsequently, we have entered into non-binding letters of intent for several Aircrane sales that have not resulted in sales as the potential customers could not obtain financing or did not make required deposits. Accordingly, we have incurred significant costs in building Aircranes for sale but have been unable to sell any in 2010 or 2011. In the past, failures to make sales of an Aircrane have resulted in financial performance below our expectations, and we have obtained waivers from our lenders and have amended our Credit Agreement in order to meet our financial and reporting covenants.

On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT, which agreement was amended on October 11, 2011. Pursuant to the terms of the agreement, as amended, HRT has an option to purchase one Aircrane on or prior to January 15, 2012. If HRT does not exercise its purchase option, or does not otherwise purchase the Aircrane, there is a risk that we may fail to meet certain covenants under our Credit Agreement in 2012. See " Our indebtedness could adversely affect our financial condition and impair our ability to operate our business."

Some of our arrangements with customers are short-term, ad hoc or "call when needed." As a result, we cannot assure you that we will be able to continue to generate similar revenues from these arrangements.

We generate a large portion of our revenues from arrangements with customers with terms of less than one year, *ad hoc* arrangements, and "call when needed" contracts. In 2010, for example, approximately 24% of our revenues were derived from such arrangements. There is a risk that customers may not continue to seek the same level of services from us as they have in the past or that they will not renew these arrangements or terminate them at short notice. Under "call when needed" contracts, we pre-negotiate rates for providing services that customers may request that we perform (but which we are not typically obligated to perform) depending on their needs. The rates we charge for these contingent services are higher than the rates under stand-by arrangements, and we attempt to schedule our aircraft to maximize our revenue from these types of contracts. The ultimate value we derive from such contracts is subject to factors beyond our control, such as the severity and duration of fire seasons. In the past, several of our larger contracts have not been renewed for reasons unrelated to our performance, such as the financial condition of our customers or their decision to move the services we provided to them in-house. For example, in 2007 we were not awarded any long-term contracts by the U.S. Forest Service. Accordingly, we cannot assure you that in any given year we will be able to generate similar revenues from our customers as we did in the previous year. Our current contract with the U.S. Forest Service ends at the end of 2011 and, though we submitted a bid pursuant to our new tender for service in 2012 with three one-year extensions, there is no guarantee that this contract will be renewed.

Our Aerial Services revenues depend on the availability and size of our Aircrane fleet.

We currently have 17 Aircranes that we employ in providing Aerial Services. An accident could make an Aircrane unavailable to us temporarily or permanently. A sale of an Aircrane that is part of our fleet would also reduce the number of Aircranes available to provide Aerial Services. The Aircrane that is subject to the Aircraft Lease and Purchase Option Agreement with HRT is one of the 17 Aircranes in our Aerial Services fleet. If HRT exercises its purchase option, we will have 16 Aircranes in our fleet. Although we expect to be able to maintain the level of our operations through more efficient scheduling of our fleet or by allocating Aircranes held for sale to Aerial Services operations in 2012, we may not always have the ability to maintain our desired level of Aerial Services operations with a reduced fleet and our results of operations could be adversely affected.

Aircrane production rates could change.

The market for Aircranes is variable and we have historically manufactured a limited number of Aircranes in any year. Production rate reductions could cause us to incur disruption and other costs, which could reduce our profitability. Higher orders for Aircranes could lead to production rate increases in order to meet customers' delivery schedules. If customer demand increases significantly, we anticipate being able to meet such demand by rapidly expanding our manufacturing capacity and related resources. While we believe our manufacturing operations are scalable, we may encounter difficulties in any period during which we seek to expand our manufacturing capacity and related resources. Failure to successfully implement any production rate changes could lead to extended delivery commitments, and depending on the length of any delay in meeting delivery commitments, additional costs and customers rescheduling their deliveries or terminating their related contract with us.

Foreign, domestic, federal, and local government spending and mission priorities may change in a manner that materially and adversely affects our future revenues and limits our growth prospects.

Our business depends upon continued government expenditures on programs that we support. These expenditures have not remained constant over time. For example, the overall U.S. Forest Service budget declined for periods of time in the late 1980s and the early 1990s, resulting in a slowing of new program starts, program delays, and program cancellations. These reductions caused many Forest Service related government contractors to experience declining revenues, increased pressure on operating margins, and, in some cases, net losses. While spending authorizations for Forest Service programs by the U.S. Government have increased in recent years, future levels of expenditures, mission priorities, and authorizations for these programs may decrease, remain constant, or shift to program areas in which we do not currently provide services. Current foreign and domestic government spending levels on programs that we support may not be sustainable as a result of changes in government leadership, policies, or priorities. In addition, the economies of Greece and Italy in particular have been adversely affected by global financial pressures. Additionally, our business, prospects, financial condition, or operating results could be materially harmed by the following:

- budgetary constraints affecting government spending generally, or specific departments or agencies in particular, and changes in fiscal policies or available funding;
- changes in government programs or requirements;
- realignment of funds to changed government priorities;
- government shutdowns (such as that which occurred during the U.S. Government's 1996 fiscal year) and other potential delays in government appropriations processes;
- delays in the payment of our invoices by government authorities;
- adoption of new laws or regulations; and
- general economic conditions.

These or other factors could cause government agencies and departments to reduce their purchases under contracts, exercise their right to terminate contracts, or not exercise options to renew contracts, any of which could cause us to lose revenue. A significant decline in overall government spending or a shift in expenditures away from agencies or programs that we support could cause a material decline in our revenues and harm our financial results.

Product liability and product warranty risks could adversely affect our operating results.

We produce, repair, and overhaul complex aircraft and critical parts for aircraft. Failure of our aircraft or parts could give rise to substantial product liability and other damage claims. We maintain insurance to address this risk, but our insurance coverage may not be adequate for some claims and there is no guarantee that insurance will continue to be available on terms acceptable to us, if at all.

Additionally, aircraft and parts we manufacture for sale are subject to strict contractually established specifications using complex manufacturing processes. If we fail to meet the contractual requirements for a part, we may be subject to warranty costs to repair or replace the part itself and additional costs related to the investigation and inspection of non-complying parts. These costs are generally not insured. For example, in June 2011 we encountered an issue associated with an accessory failure on a customer's Aircrane that resulted in warranty cost to us of approximately $0.9 million in excess of amounts previously accrued.

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We establish warranty reserves that represent our estimate of the costs we expect to incur to fulfill our warranty requirements. We base our estimate for warranty reserves based on our historical experience and other assumptions. If actual results materially differ from these estimates, our results of operations could be materially affected.

Because we own the S-64 Type Certificate, we are obligated to issue directives to operators of our aircraft and to identify defects or required replacements to our aircraft. We could be liable to operators of our aircraft if we fail to fulfill our obligation to issue directives, even if our aircraft or components of our aircraft are no longer under warranty.

Our failure to attract and retain qualified personnel could adversely affect us.

Our pilots and maintenance and manufacturing personnel are highly trained and qualified. Our ability to attract and retain qualified pilots, mechanics, and other highly trained personnel will be an important factor in determining our future success. Our aircraft, and the aerial services we provide, require pilots with high levels of flight experience. The market for these experienced and highly trained personnel is extremely competitive. Accordingly, we cannot assure you that we will be successful in our efforts to attract and retain such persons. Some of our pilots and mechanics, and those of our competitors, are members of the U.S. military reserves and could be called to active duty. If significant numbers of such persons were called to active duty, it would reduce the supply of such workers, possibly curtailing our operations and likely increasing our labor costs. Because of our small size relative to many of our competitors, we may be unable to attract qualified personnel as easily as our competitors.

The loss of key managers could negatively affect our business.

We are dependent upon a number of key managers, including our CEO, Udo Rieder, our CFO, Charles Ryan, our Vice President of Aerial Services, H.E. "Mac" McClaren, our Senior Vice President of Global Sales and Marketing, David Valaer, and our Vice President of Manufacturing and MRO, David Ford. We have employment agreements with each of these key executive officers and intend to encourage their retention, in part, through the award of time-vesting equity grants. See "Management Employment Agreements." If we were to lose the services of one or more of our key team members, our operations could be materially impacted. We do not maintain key person insurance on any team member.

The outcome of litigation in which we may be named as a defendant and of government inquiries and investigations involving our business is unpredictable, and an adverse decision in any such matter could result in significant monetary payments and have a material adverse affect on our financial position and results of operations.

We may be a defendant in future litigation matters. These claims may divert financial and management resources that would otherwise be used to benefit our operations. We cannot assure you that the results of these matters will be favorable to us. An adverse resolution of any of these lawsuits could have a material adverse affect on our financial position and results of operations. In addition, we are sometimes subject to government inquiries and investigations of our business due to, among other things, our business relationships with the U.S. Government, the heavily regulated nature of our industry, and, in the case of environmental proceedings, our ownership of certain property. Any such inquiry or investigation could potentially result in an adverse ruling against us, which could result in significant monetary payments (including possible environmental remediation costs) and a material adverse effect on our financial position and operating results. See "Business Legal Proceedings."

We are subject to FAA regulation and similar international regulation, and our failure to comply with these regulations, or the adoption of any new laws, policies, or regulations, may have a material adverse effect on our business.

The aerial services business is heavily regulated by governmental entities in the United States and in other countries in which we operate. We operate in the United States under laws and regulations administered by the Department of Transportation, principally through the FAA. The FAA promulgates rules relating to the general operation of our aircraft, the process by which our aircraft are maintained, the components and systems that are installed in our aircraft, the qualification of our flight crews and maintenance personnel, and the specialized operations that we undertake, including the carrying of loads and the use of various chemicals. We are regularly inspected by FAA personnel to ensure compliance. Compliance with these rules is complex and costly, and the failure to comply could result in the imposition of fines, the grounding of our aircraft, or other consequences detrimental to our operations and operating results. Our operations in other countries are similarly regulated under equivalent local laws and regulations.

Our aircraft manufacturing and MRO operations are also subject to regulation by the FAA and other governmental authorities. The FAA promulgates regulations applicable to the design and manufacture of aircraft and aircraft systems and components. It also sets and enforces standards for the repair of aircraft, systems, and components and for the qualification of personnel performing such functions. It regularly conducts inspections to ensure compliance and has the power to impose fines or other penalties for non-compliance or to shut down non-compliant operations. Our manufacturing and MRO operations are also subject to complex environmental, safety, and other regulations. Failure to comply with applicable regulations could result in the imposition of fines or other penalties or in the shutting down of our operations, which could impair our ability to fulfill our contracts or otherwise negatively impact our reputation for safety and dependability.

The FAA approves major changes in aircraft design such as fuel control systems or new rotor blades. Such approvals take time, require investment, and are not assured. Similar regulatory bodies in other countries may accept FAA certification or may impose their own individual requirements. The failure to obtain FAA or other required approval for such changes, or the imposition of unanticipated restrictions as a condition of approval, could increase our production costs or reduce the effectiveness of the system in question and could render our development effort less valuable or, in an extreme case, worthless.

The laws and regulations affecting our business are subject to change at any time and, because we operate under numerous jurisdictions, we are particularly exposed to the possibility of such changes. Any change in laws or regulations applicable to our business could restrict our operations, increase our costs, or have other effects detrimental to our results of operations or competitive position.

Our business is affected by federal rules, regulations, and orders applicable to government contractors, and the award of government contracts may be challenged.

Some of our services are sold under U.S. or foreign government contracts or subcontracts. Consequently, we are directly and indirectly subject to various federal rules, regulations and orders applicable to government contractors. From time to time, we are also subject to government inquiries and investigations of our business practices due to our participation in government programs. These inquiries and investigations are costly and consume internal resources. Violation of applicable government rules and regulations could result in civil liability, the cancellation or suspension of existing contracts, or the ineligibility for future contracts or subcontracts funded in whole or in part with federal funds, any of which could have a material adverse effect on our business.

Governmental contracts typically require a competitive bid process, and the award of a contract may be subject to challenge by bid participants. For example, a competitor challenged the U.S. Forest Service contract we were awarded in 2008. As a result, we provided services to the U.S. Forest Service without a contract for a period of time, pending resolution of the challenge. See "Business Legal Proceedings" for additional information.

Environmental and other regulation and liability may increase our costs and adversely affect us.

We are subject to a variety of laws and regulations, including environmental and health and safety regulations. Because our operations are inherently hazardous, compliance with these regulations is challenging and requires constant attention and focus. We are subject to federal, state, and foreign environmental laws and regulations concerning, among other things, water discharges, air emissions, hazardous material and waste management, and environmental cleanup. Environmental laws and regulations continue to evolve, and we may become subject to increasingly stringent environmental standards in the future, particularly under air quality and water quality laws and standards related to climate change issues, such as reporting greenhouse gas emissions. We are required to comply with environmental laws and with the terms and conditions of multiple environmental permits. Our failure to comply with these regulations could subject us to fines and other penalties administered by the agencies responsible for environmental and safety compliance or by the FAA or other aviation-related agencies.

The occurrence of events for which the risk is allocated to us under our contracts could negatively impact our results of operations.

Many of our contracts are fixed price contracts which could subject us to losses if we have cost overruns. Under these contracts, we typically are responsible for normal maintenance, repair, and fuel costs. In addition, some of our Aerial Services contracts have performance penalty provisions, subjecting us to the risk of unexpected down time caused by mechanical failures or otherwise, which could cause our net income to suffer. Risks associated with estimating our costs and revenues are exacerbated for long-term contracts, which include most of our material contracts.

Our contracts to manufacture aircraft and major overhauls or components typically contain penalty provisions that require us to make payments to customers, or provide interim aerial services to them at no cost, if we are unable to timely deliver aircraft or components. Such contracts may also include a repurchase obligation by us if certain performance or other criteria are not met.

We may be required to provide components or services to owners or operators of the S-64 or the CH-54, which could limit our operational flexibility and divert resources from more productive uses.

Because we own the S-64 Type Certificate, we may be required to supply components or provide MRO services to customers who own or operate the S-64 or the CH-54, the military version of the S-64. This could limit our operational flexibility, divert resources from more productive uses, and adversely affect our ability to execute on our growth plans.

Our dependence on a small number of manufacturers for some of our aircraft components and the costs associated with the purchase or manufacture of new components pose significant risks to our business.

We rely on approximately 120 supplier business units or locations for significant or critical components. A small number of manufacturers make some of the key components for our aircraft, and in some instances there is only a single manufacturer. If these manufacturers experience production delays, or if the cost of components increases, our operations could suffer. If a manufacturer ceases production of a required component, we could incur significant costs in purchasing the right to manufacture those components or in developing and certifying a suitable replacement, and in manufacturing those components.

Many key components and parts on the Aircrane have not been manufactured since originally introduced. A significant portion of our inventory was acquired in bulk on the surplus market. For some aviation components, our operating cost includes the overhaul and repair of these components but does not include the purchase of a new component. It may be difficult to locate a supplier willing to manufacture replacement components at a reasonable cost or at all. As we exhaust our inventory, the purchase of any new components, or the manufacture by us of new components, could materially increase our operating cost or delay our operations; we routinely monitor levels of out-of-production parts and design and certify replacement parts to mitigate this risk.

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Our reliance on the Aircrane could harm our business and financial results if technical difficulties specific to the Aircrane occur.

We exclusively fly and manufacture Aircranes and related components. If the Aircrane encounters technical or other difficulties, it may be grounded or lose value and we may be unable to sell the aircraft or parts or provide aerial services on favorable terms or at all. The inability to sell or contract out the Aircrane would virtually eliminate our ability to operate.

If we are unable to continue to develop new technologies and to protect existing technologies, we may be unable to execute on our growth and development plans.

Our success has resulted in part from our development of new applications for our aircraft, such as our fire tank and snorkel for firefighting services, and we believe our growth will continue to depend on the development of new products or applications. Competitors may develop similar applications for their aircraft, which would increase our competition in providing aerial services. In addition, our growth strategy depends, in part, on our ability to develop new products and applications. A number of factors, including FAA certifications, could result in our being unable to capitalize on the development costs for such products or applications. For example, we have devoted significant resources to our program to develop composite-material main rotor blades. If they are not certified by the FAA, we will be unable to recover our research and development costs and will need to expend additional resources to develop an alternative blade.

Not all of our products and applications have been, or may be, patented or otherwise legally protected. If we are not able to adequately protect the inventions and intellectual property we have developed, in the U.S. and in foreign countries, we may face increased competition from those who duplicate our products, and our results of operations and growth opportunities could suffer.

Failure to adequately protect our intellectual property rights could adversely affect our operations.

We rely upon intellectual property law, trade secret protection, and confidentiality and license agreements with our employees, clients, consultants, partners, and others to protect our intellectual property rights. Any of these parties may breach these agreements and we may not have adequate remedies for any specific breach. In addition, our competitors may independently develop equivalent knowledge, methods, and know-how, and we would not be able to prevent their use. To the extent that employees, partners, and consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in the related or resulting know-how and inventions. If any of our trade secrets, know-how, or other technologies were to be disclosed to or independently developed by a competitor, our business, financial condition, and results of operations could be materially adversely affected.

We may have to engage in litigation to defend our trademarks, trade secrets, and other intellectual property rights. Even if we are successful, such litigation could result in substantial costs and be a distraction to management. If we are not successful in such litigation, we may lose valuable intellectual property rights.

Any of our patents may be challenged, invalidated, circumvented, or rendered unenforceable. Our patents may be subject to reexamination proceedings affecting their scope. We cannot assure you that we will be successful should one or more of our patents be challenged for any reason. If our patent claims are rendered invalid or unenforceable, or narrowed in scope, the patent coverage afforded our products could be impaired, which could significantly impede our ability to market our products, negatively affect our competitive position, and harm our business and operating results.

Further, we are a party to licenses that grant us rights to intellectual property, including trade secrets, that is necessary or useful to our business. One or more of our licensors may allege that we have breached

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our license agreement with them, and accordingly seek to terminate our license. If successful, this could result in our loss of the right to use the licensed intellectual property, which could adversely affect our ability to commercialize our technologies, products, or services, as well as harm our competitive business position and our business prospects.

Success within our Maintenance, Repair, and Overhaul business is dependent upon fleet utilization and continued outsourcing by helicopter operating companies.

We currently conduct MRO services at facilities in Central Point, Oregon. Revenues at these facilities fluctuate based on demand for maintenance which, in turn, is driven by the number of helicopters operating and the extent of outsourcing of maintenance activities by helicopter operating and OEM companies. If the number of helicopters operating globally declines or outsourcing of maintenance and OEM activities declines, our results of operations and financial condition could be adversely affected.

Our business is subject to risks associated with international operations, including operations in emerging markets.

We purchase products from and supply products to businesses located outside of the United States. We also have significant operations outside the United States. For the year ended December 31, 2010 and the nine months ended September 30, 2011, approximately 62.5% and 55.9%, respectively, of our total revenues were attributable to operations in non-U.S. countries. A number of risks inherent in international operations could have a material adverse effect on our international operations and, consequently, on our results of operations, including:

- the uncertain ability of select non-U.S. customers to finance purchases and our inability as a result of lesser transparency in certain jurisdictions to evaluate the credit of potential customers accurately;
- currency fluctuations, which can reduce our revenues for transactions denominated in non-U.S. currency or make our services relatively more expensive if denominated in U.S. currency;
- difficulties in staffing and managing multi-national operations;
- risks associated with transporting our aircraft, including risks associated with piracy and adverse weather;
- fluctuations in the costs associated with transporting our aircraft, pilots, and crews, which are significant operating costs for us;
- limitations on our ability to enforce legal rights and remedies;
- uncertainties regarding required approvals or legal structures necessary to operate aircraft or provide our products and services in a given jurisdiction;
- restrictions on the repatriation of funds from our foreign operations;
- changes in regulatory structures or trade policies;
- tariff and tax regulations;

- ensuring compliance with the Foreign Corrupt Practices Act;
- difficulties in obtaining export and import licenses;
- the risk of government-financed competition; and
- political instability.

Part of our growth strategy is to enter new markets, including emerging market countries such as China and in South America. Emerging market countries have less developed economies that are more vulnerable to economic and political problems and may experience significant fluctuations in gross

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domestic product, interest rates, and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets, and the imposition of taxes or other charges by government authorities. The occurrence of any of these events and the resulting economic instability that may arise could adversely affect our operations in those countries, or the ability of our customers in those countries to meet their obligations. As a result, customers that operate in emerging market countries may be more likely to default than customers that operate in developed countries. In addition, legal systems in emerging market countries may be less developed, which could make it more difficult for us to enforce our legal rights in those countries. In particular, we have focused on expanding our presences in developing markets such as China and Malaysia, and the laws and regulations governing aviation sales and services may require approvals that are uncertain and enforcement of joint venture or other contractual relationships may be uncertain. For these and other reasons, our growth plans may be materially and adversely affected by adverse economic and political developments in emerging market countries.

If our employees unionize, our expenses could increase and our results of operations would suffer.

Except for statutory protections for our 11 Italian pilots, none of our employees work under collective bargaining, union, or similar agreements. Unionization efforts have been made from time to time within our industry, with varying degrees of success. If our employees unionize, our expenses could increase and our results of operations would suffer.

The cost of fuel is a major operating expense, and fuel shortages and fluctuations in the price of fuel could adversely affect our operations.

Our aerial operations depend on the use of jet fuel. Fuel costs have historically been subject to wide price fluctuations, and fuel availability is subject to shortage and is affected by demand for heating oil, gasoline, and other petroleum products. Fuel shortages and increases in the price of fuel, or decreases in the price of fuel when we have entered into hedging agreements, could adversely affect our operations.

We may not realize the anticipated benefits of acquisitions, joint ventures, strategic alliances, or divestitures.

As part of our business strategy, we may acquire businesses or specific assets, form joint ventures or strategic alliances, and divest operations. Whether we realize the anticipated benefits from these transactions depends, in part, upon the integration between the businesses or assets involved; the performance of the underlying products, capabilities, or technologies; and the management of the transacted operations. We have had limited experience with such integrations. Accordingly, our financial results could be adversely affected by unanticipated performance issues, transaction-related charges, amortization of expenses related to intangibles, charges for impairment of long-term assets, credit guarantees, partner performance, and indemnifications. Consolidations of joint ventures could also impact our results of operations or financial position. Divestitures may result in continued financial involvement in the divested businesses, such as through guarantees or other financial arrangements, following the transaction. Nonperformance by those divested businesses could affect our future financial results.

We may be unable to access public or private debt markets to fund our operations and contractual commitments at competitive rates, on commercially reasonable terms, or in sufficient amounts.

We depend, in part, upon borrowings under our credit facilities to fund our operations and contractual commitments. If we were called upon to fund all outstanding commitments, we may not have sufficient funds to do so. A number of factors could cause us to incur increased borrowing costs and to have greater difficulty accessing public and private markets for debt. These factors include general economic conditions, disruptions or declines in the global capital markets, and our financial performance, outlook, or credit ratings. An adverse change in any or all of these factors may materially adversely affect our ability to fund our operations and contractual or financing commitments.

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Our senior credit facilities require us, among other obligations, to meet four significant financial covenants on a quarterly basis, including:

- a minimum tangible net worth amount;
- a minimum fixed charge coverage ratio;
- a maximum leverage ratio; and
- a minimum net income.

If we do not meet our financial covenants and we do not obtain a waiver or amendment, our lenders may accelerate payment of all amounts outstanding which would immediately become due and payable, together with accrued interest. Any default may require us to seek additional capital or modifications to our credit facilities which may not be available or which may be costly. Additionally, our suppliers may require us to pay cash in advance or obtain letters of credit as a condition to selling us their products and services. Any of these risks and uncertainties could have a material adverse effect on our financial position, results of operations or cash flow.

In addition, a significant customer holds the right to exercise a put option that would, if exercised, require us to repurchase on July 31, 2013 the Aircrane we sold to the customer in 2009. The put option was an important term to the purchaser when the sale agreement was negotiated. The exercise price would be the fair market value of the Aircrane, determined by independent appraisers at the time of exercise. The fair market value of the Aircrane at July 31, 2013 will be highly dependent upon the hours of usage and the customer use profile for the Aircrane, which makes it difficult to estimate a fair value at this time. However, management believes an anticipated range of fair value, based upon our experience and industry knowledge, may be approximately between $10.0 million and $18.0 million. Because our existing credit facility terminates on June 24, 2013, our ability to finance the repurchase of this Aircrane may depend on our ability to obtain new financing.

On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT, which agreement was amended on October 11, 2011. Pursuant to the terms of the agreement, as amended, HRT has an option to purchase one Aircrane on or prior to January 15, 2012. If HRT does not exercise its purchase option, or does not otherwise purchase the Aircrane, there is a risk that we may fail to meet certain covenants under our Credit Agreement in 2012. See " Our indebtedness could adversely affect our financial condition and impair our ability to operate our business."

Our expected growth and new obligations as a public company will require us to add additional personnel, infrastructure, and internal systems with which we have limited experience.

Our management is continuing to implement enhancements to a number of our internal systems, including inventory administration, human resources, and internal controls. We believe that these enhancements will be necessary to support our expected growth as well as our new status as a public company. Following the closing of this offering, we will be subject to various requirements of the SEC and NASDAQ, including record keeping, financial reporting, and corporate governance rules and regulations. Our management team has limited experience in managing a public company. In addition, historically, we have not had some of the internal systems typically found in a public company. Implementing new systems and procedures is always challenging, and we are subject to the risk that our new systems will not function as anticipated or that we will initially fail to understand or properly administer them. Our business could be adversely affected if our internal infrastructure is inadequate to ensure compliance with federal, state, and local laws and regulations.

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Our business is subject to laws limiting ownership or control of aircraft companies, which may increase our costs and adversely affect us.

Most of the countries in which we operate have laws requiring local ownership or control, or both, of certain kinds of companies that operate aircraft. We use various strategies to comply with these laws, including the formation of local subsidiaries that we do not wholly own and partnerships with local companies. FAA regulations may require that at least 75% of our voting securities be owned or controlled by United States citizens. The existence of these laws may restrict our operations; reduce our profit from, or control of, some foreign operations; or restrict the market for our securities.

Our production may be interrupted due to equipment failures or other events affecting our factories.

Our manufacturing and testing processes depend on sophisticated and high-value equipment. Unexpected failures of this equipment could result in production delays, revenue loss, and significant repair costs. In addition, our factories rely on the availability of electrical power and natural gas, transportation for raw materials and finished product, and employee access to our workplace that are subject to interruption in the event of severe weather conditions or other natural or manmade events. While we maintain backup resources to the extent practicable, a severe or prolonged equipment outage or other interruptive event affecting areas where we have significant manufacturing operations may result in loss of manufacturing days or in shipping delays which could have a material adverse effect on our business.

General economic conditions and recent market events may expose us to new risks.

Recent events in the financial markets and the economic downturn have contributed to severe volatility in the securities markets, a severe liquidity crisis in the global financial markets, and unprecedented government intervention. These conditions have affected our results of operations and may continue to affect them. In such an environment, significant additional risks may exist for us. The recent instability in the financial markets has led the U.S. Government to take a number of unprecedented actions designed to support certain financial and other institutions and segments of the financial market that have experienced extreme volatility, and in some cases, a lack of liquidity. There can be no assurance that this intervention will improve market conditions, that such conditions will not continue to deteriorate, or that further government intervention will or will not occur. For example, recently, general market volatility has been exacerbated by uncertainty about sovereign debt and the fear that countries such as Greece and Italy may default on their governments' financial obligations. If economic conditions continue or worsen, we face risks that may include:

- declines in revenues and profitability from reduced or delayed orders by our customers, in particular with respect to infrastructure construction projects which may be delayed or cancelled;
- supply problems associated with any financial constraints faced by our suppliers;
- reductions in credit availability to us or in general;
- increases in corporate tax rates to finance government spending programs; and
- reductions in spending by governmental entities for services such as infrastructure construction and firefighting.

The economic downturn and continued credit crisis and related turmoil in the global financial system may have an adverse impact on our business and our financial conditions. We cannot predict our ability to obtain financing due to the current credit crisis, and this could limit our ability to fund our future growth and operations. In addition, the creditworthiness of some of our customers may be affected, which may affect our ability to collect on our accounts receivable from such customers.

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Risks Related to this Offering

Our stock price may be volatile, and you may not be able to resell your shares at or above the initial offering price.

There has been no public market for shares of our common stock. An active trading market for our shares may not develop or be sustained following the closing of this offering. The initial public offering price of our shares will be determined by negotiations between us and the representative of the underwriters. Our common stock may trade at a lower price upon the closing of this offering.

The stock market has experienced significant price and volume fluctuations. After the offering, the market price for our shares may fluctuate significantly in response to a number of factors, some of which are beyond our control, including:

- quarterly or annual variations in our operating results;
- changes in financial estimates by securities analysts;
- additions or departures of our key personnel;
- the adoption of new laws or regulations that apply to our business; and
- sales of shares of our common stock in the public markets.

Fluctuations or decreases in the trading price of our common stock may adversely affect your ability to trade your shares. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert management's attention and resources that would otherwise be used to benefit the future performance of our operations. Such litigation expense may not be covered by insurance.

Within 180 days of the date of this offering, the outstanding shares of our common stock will become eligible for sale in the public market, which could cause the price of our common stock to decline.

Our officers, our directors, and all of our stockholders have agreed with the representative of the underwriters not to sell or otherwise dispose of any of their shares for a period of 180 days after the date of this offering. When these lock-up agreements expire, the 7,405,436 outstanding shares held by our stockholders and approximately shares underlying equity awards held by certain of our employees will become eligible for sale, in some cases subject only to the volume, manner of sale, and notice requirements of Rule 144 of the Securities Act of 1933, as amended (the "Securities Act "). Some of our stockholders have the right to require that we register their shares for public sale. See "Shares Eligible for Future Sale Registration Rights." Sales of a substantial number of these shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of our common stock to decline. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional equity securities. See "Shares Eligible for Future Sale" for further discussion of the shares that will be freely tradable within 180 days after the date of this offering.

Existing stockholders will exert significant influence over us after the closing of this offering. Their interests may not coincide with yours, and they may make decisions with which you may disagree.

After this offering, entities affiliated with ZM Equity Partners, LLC will own approximately % of our outstanding common stock, and two of our directors are managing directors of Centre Lane Partners LLC, an affiliate of ZM Equity Partners. As a result, these stockholders, acting individually or together, could exert significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our Company and make some transactions more difficult or impossible without the support of these stockholders. The interests of these stockholders may

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not always coincide with our interests as a company or the interest of other stockholders. Accordingly, these stockholders could cause us to enter into transactions or agreements that you would not approve or make decisions with which you may disagree.

As a new investor, you will experience immediate and substantial dilution in net tangible book value.

Investors purchasing shares of our common stock in this offering will pay more for their shares than the amount paid by stockholders who acquired shares before this offering. If you purchase common stock in this offering, you will incur immediate dilution in pro forma net tangible book value of approximately $ per share. See "Dilution."

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that we expect securities or industry analysts to publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Our management will continue to have broad discretion over the use of the proceeds we received in the offering and might not apply the proceeds in ways that increase the value of your investment.

Our management will continue to have broad discretion to use the net proceeds we receive from the offering. We expect to use the net proceeds from the offering to manufacture Aircranes and related components, to pay down indebtedness under our revolving credit facility, and for working capital and other general corporate purposes, including the possible acquisition of additional aircraft to complement our fleet of Aircranes. We may also use a portion of the net proceeds for the acquisition of businesses, solutions, and technologies that we believe are complementary to our own. Our management retains the discretion, however, to use the proceeds differently if events we do not anticipate arise. Our management might not apply the net proceeds from the offering in ways that increase the value of our common stock. Until we use the net proceeds from the offering, we plan to invest them in short-term instruments, and these investments may not yield a favorable rate of return. If we do not invest or apply the net proceeds from the offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

Provisions in our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

Our second amended and restated certificate of incorporation and bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors. These provisions include:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;

- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;

- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;

- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;

- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and

- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or from otherwise attempting to obtain control of us.

We are also subject to certain anti-takeover provisions under Delaware law. Under Delaware law, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. In some instances, you can identify forward-looking statements by the words such as "believe," "may," "estimate," "continue," "anticipate," "intend," "plan," "expect," "predict," "potential," and similar expressions, as they relate to us, our business, and our management. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good-faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- our safety record and any related impact on our reputation;
- our ability to meet our debt obligations;
- the effects of increased competition in our business;
- our ability to accurately forecast revenues, convert our backlog into revenues, and appropriately plan our expenses;
- the impact of worldwide economic conditions, including the resulting effect on governmental budgets and capital investments by governmental and private entities;
- changes in government regulation affecting our business;
- the attraction and retention of qualified employees and key personnel;
- our ability to effectively manage our growth;
- our ability to keep pace with changes in technology and our competitors;
- our ability to successfully enter new markets, manage our international expansion, and expand and diversify our customer base;
- our ability to expand and market our manufacturing and MRO services;
- our ability to market our aerial services in new geographic areas and markets;
- our ability to successfully manage any future acquisitions of businesses, solutions, or technologies;

- the success of our marketing efforts;
- the impact of fluctuations in currency exchange rates; and
- other risk factors included under "Risk Factors" in this prospectus.

The factors listed above are not exhaustive and new factors may emerge or changes to the foregoing factors may occur that could impact our business. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Forward-looking statements speak only as of the date of this prospectus. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of shares of common stock in this offering of approximately $ million, assuming an initial public offering price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds of this offering as follows:

- approximately $ million to manufacture Aircranes and related components;
- approximately $ million to pay down indebtedness under our revolving credit facility, which will increase the amounts available for future borrowing under this facility;
- approximately $ million to pay down our unsecured subordinated promissory notes; and
- the remaining net proceeds for general corporate and working capital purposes, including possible acquisitions of additional aircraft or businesses to complement our aerial services and enhance our service offerings. We have had informal discussions about potential acquisitions of this nature but currently have no definitive agreements or understandings with respect to any of them.

We anticipate that the actual allocation of our resources to the above or other uses will depend on the needs and opportunities that our management perceives at the time of allocation. For example, the amount allocated to the manufacture of Aircranes and related components represents management's current estimate based on its perceived needs and opportunities. The actual allocation of the net proceeds to this category may be greater or less the amount currently estimated based on changes in our opportunities and requirements for aircraft and components, the availability and price of airframes and other components or for other reasons that management does not currently anticipate.

As of September 30, 2011, our total indebtedness, excluding letters of credit, was $122.0 million, consisting of $45.6 million borrowed under our revolving credit facility, $56.9 million borrowed under our term loan facility and $19.5 million borrowed under our unsecured subordinated promissory notes. At September 30, 2011, we had maximum availability for borrowings under our revolving credit facility of approximately $21.8 million. We issued $19.5 million of our unsecured subordinated promissory notes to provide for additional borrowing capacity under our revolving credit facility, recognizing that the proceeds of this offering were intended to be used to pay off the remaining amounts owed under the unsecured subordinated promissory notes. Under the terms of our revolving credit facility, we are prevented from paying down principal on the unsecured subordinated promissory notes unless such payments are made with the proceeds of this offering.

At September 30, 2011, the interest rate on borrowings under our revolving credit facility, which terminates on June 24, 2013, was 3.90%, which was calculated based on the prime rate as quoted by Wells Fargo. As of September 30, 2011, there was $45.6 million outstanding under our revolving credit facility, not including letters of credit. Amounts under our revolving credit facility were borrowed within the prior year and used to refinance our prior senior debt and second lien debt and for general working capital purposes. At September 30, 2011, the interest rate under our unsecured subordinated promissory notes was 20.0%, which is payable in kind by increasing the principal amount of such notes and is payable quarterly, and the outstanding principal balance under the notes was $19.5 million, of which $8.5 million mature on June 30, 2015 and $11.0 million mature on June 30, 2016. For a description of the terms of our revolving credit facility and unsecured subordinated promissory notes see "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

Pending use for general corporate purposes, we intend to invest the net proceeds in short-term, investment-grade, interest-bearing securities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources" for additional information regarding our sources and uses of capital.

We will not receive any proceeds from the sale of shares by the selling stockholders. Pursuant to a registration rights agreement, we are obligated to pay all expenses of the selling stockholders in connection with this offering except for underwriting discounts and commissions which will be paid by the selling stockholders. See "Principal and Selling Stockholders" and "Description of Capital Stock Registration Rights."

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DIVIDEND POLICY

We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our common stock. Instead, we currently anticipate that we will retain all of our future earnings, if any, to fund the operation and expansion of our business and to use as working capital and for other general corporate purposes. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant. Our existing credit facility limits our ability to declare and pay dividends.

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CAPITALIZATION

The table below sets forth our cash and cash equivalents and our capitalization on a consolidated basis as of September 30, 2011:

- on an actual basis;
- on a pro forma basis after giving effect to the completion of our recapitalization, as discussed under "Explanatory Note Regarding Recapitalization"; and
- on a pro forma as adjusted basis after giving effect to the sale of shares of our common stock offered by us in this offering (at an estimated initial public offering price of $ per share, the midpoint of the sale price range set forth on the cover of this prospectus) less the underwriting discount and estimated offering expenses, and the use of proceeds received by us from this offering as discussed under "Use of Proceeds."

You should read the following table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of September 30, 2011		
	Actual	**Pro Forma[1]**	**Pro Forma As Adjusted**
(In thousands)			
Cash and cash equivalents	$ 3,056	$ 3,056	$
Debt:			
Revolving credit facility	45,634	45,634	
Term debt	56,875	56,875	
Unsecured subordinated promissory notes	19,500	19,500	
Series A redeemable preferred stock, $0.0001 par value: 70,000 shares authorized, 34,999.5 shares issued and outstanding	63,739		
Stockholders' equity:			
Common stock, $0.0001 par value			
Class A: 2,000 shares authorized, 1,000 shares issued and outstanding	1		
Class B: 3,000 shares authorized, no shares issued and outstanding			
Preferred stock, $0.0001 par value: 10,000,000 shares authorized, no shares issued and outstanding			
Common stock, $0.0001 par value: 110,000,000 shares authorized, shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted		63,740	
Accumulated earnings (deficit)	(16,142)	(16,142)	
Accumulated other comprehensive income	(11)	(11)	
Noncontrolling interest	1,139	1,139	
Total stockholders' equity (deficit)	(15,013)	48,726	
Total capitalization	$ 173,791	$ 173,791	

(1) See "Explanatory Note Regarding Recapitalization."

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DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering. Dilution results from the fact that the public offering price per share of our common stock is substantially in excess of net tangible book value per share attributable to existing stockholders for the presently outstanding stock. We calculate net tangible book value per share by dividing our net tangible book value, which equals total assets less intangible assets and total liabilities, by the number of shares outstanding.

The discussion and tables below are based on 1,000 shares of our Class A common stock outstanding as of September 30, 2011 and also reflect the issuance of shares of common stock in the recapitalization. On this basis, our net tangible book value at September 30, 2011 was $, or $ pro forma per share, based upon 8,049,387 shares outstanding.

After giving effect to the sale of shares of common stock in this offering at a price of $ per share, the midpoint of the sale price range set forth on the cover of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us, our pro forma net tangible book value as of September 30, 2011 would have been approximately $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders, and an immediate dilution in net tangible book value of $ per share to new investors, or approximately % of the offering price of $ per share. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Net tangible book value per share as of September 30, 2011	$	
Increase in net tangible book value per share attributable to new investors		
Pro forma net tangible book value per share of common stock after this offering		
Dilution per share to new investors		$

The following table shows on a pro forma basis at September 30, 2011, after giving effect to the total cash consideration paid to us, the average price per share paid by existing stockholders and by new investors in this offering before deducting estimated underwriting discounts and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	**%**	**Amount**	**%**	
Existing stockholders					$
New investors					
Total		100%		100%	$

The above table excludes 643,951 shares of common stock reserved for issuance under our 2012 Stock Incentive Plan, which we intend to adopt prior to the closing of this offering, which includes the following shares of restricted stock, or rights to receive stock, that we intend to issue concurrently with this offering: (1) shares of restricted stock to certain members of our management; (2) an estimated 17,500 shares of restricted stock to a broad base of our employees based on years of service with us; and (3) an estimated 7,500 shares of restricted stock to our independent directors. The estimated share amounts for employees and independent directors are based on the midpoint of the sale price range set forth on the cover of this prospectus. The actual number of shares to be awarded to employees and independent directors will be based on an aggregate dollar amount and will depend on the sale price of our common stock in this offering.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our selected consolidated financial and other data. We derived our selected consolidated financial and other data as of December 31, 2009, and 2010, and for the years ended December 31, 2008, 2009 and 2010 from our audited consolidated financial statements and notes thereto, which are included elsewhere in this prospectus. The balance sheet data as of December 31, 2008 has been derived from our audited consolidated financial statements which are not included in this prospectus.

We derived our selected consolidated financial and other data as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011 from our unaudited condensed consolidated financial statements and notes thereto, which are included elsewhere in the prospectus. These unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

All of our issued and outstanding common stock was acquired in a merger transaction on September 27, 2007. Although we continued as the same legal entity following the acquisition, in the table below we refer to periods ended on or prior to September 26, 2007 as "predecessor" periods. The predecessor period balance sheets reflect the historical accounting basis in our assets and liabilities, and the balance sheets subsequent to September 27, 2007 reflect the new basis in our assets and liabilities resulting from the acquisition, which altered the book value of our aircraft, property, plant and equipment, and aircraft support parts and has impacted our operating costs compared to the predecessor periods.

We derived our selected consolidated financial and other data of the predecessor as of December 31, 2006 and for the period from January 1, 2007 through September 26, 2007, and for us as of December 31, 2007 and 2008 and for the period from September 27, 2007 through December 31, 2007 from audited consolidated financial statements and notes thereto, which are not included in this prospectus.

Our selected consolidated financial and other data are not necessarily indicative of our future performance. The data provided in this table are only a summary and do not include all of the data contained in our financial statements. Accordingly, this table should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and related notes contained elsewhere in this prospectus and the sections of this prospectus entitled, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization."

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(In thousands, except share and per share amounts)	Predecessor[1] Year Ended December 31, 2006	Predecessor[1] Period from January 1, 2007 through September 26, 2007	Predecessor[1] Period from September 27, 2007 through December 31, 2007	Successor Year Ended December 31, 2008	Successor Year Ended December 31, 2009	Successor Year Ended December 31, 2010	Successor Nine Months Ended September 30, 2010	Successor Nine Months Ended September 30, 2011
Consolidated Statement of Operations Data:								
Net revenues:								
Aerial services		$ 126,355	$ 25,524	$ 136,548	$ 113,603	$ 105,747	$ 82,358	$ 111,235
Manufacturing / MRO		35,872	17,823	5,376	36,019	12,493	10,682	10,819
Total net revenues	$ 189,948	$ 162,227	$ 43,347	$ 141,924	$ 149,622	118,240	93,040	122,054
Cost of revenues:								
Aerial services		80,715	19,722	96,750	76,855	81,353	61,433	75,275
Manufacturing / MRO		24,360	13,065	5,019	21,272	7,651	6,047	8,394
Total cost of revenues	135,333	105,075	32,787	101,769	98,127	89,004	67,480	83,669
Gross profit	54,615	57,152	10,560	40,155	51,495	29,236	25,560	38,385
Operating expenses:								
General and administrative		12,711	4,211	14,010	14,877	14,105	9,717	9,534
Research and development		10,290	3,328	7,024	6,889	6,400	5,398	3,223
Selling and marketing		1,140	354	1,984	5,115	6,987	4,630	5,469
Total operating expenses	26,750	24,141	7,893	23,018	26,881	27,492	19,745	18,226
Operating income (loss)	27,865	33,011	2,667	17,137	24,614	1,744	5,815	20,159
Other income (expense):								
Interest income	594	205	95	305	157	14	19	24
Interest expense	(4,286)	(3,395)	(2,307)	(7,070)	(6,163)	(4,879)	(3,410)	(6,580)
Loss on early extinguishment of debt						(2,265)	(2,265)	
Other income (expense)[2]	1,662	(1,207)	(12,906)	5,962	(987)	(6,193)	5,507	890
Total other income (expense)	(2,030)	(4,397)	(15,118)	(803)	(6,993)	(13,323)	(149)	(5,666)
Net income (loss) before income taxes and noncontrolling interest	25,835	28,614	(12,451)	16,334	17,621	(11,579)	5,666	14,493
Income tax expense (benefit)	6,100	10,000	(4,500)	6,000	5,330	(3,544)	3,360	6,596
Net income (loss)	19,735	18,614	(7,951)	10,334	12,291	(8,035)	2,306	7,897
Less: Net (income) loss related to noncontrolling interest	(257)	(473)	232	(230)	(239)	(216)	(322)	(603)
Net income (loss) attributable to Erickson Air-Crane Incorporated	19,478	18,141	(7,719)	10,104	12,052	(8,251)	1,984	7,294
Dividends on series A redeemable preferred stock[3]			1,403	5,877	6,806	7,925	5,818	6,729
Net income (loss) attributable to common stockholders	$ 19,478	$ 18,141	$ (9,122)	$ 4,227	$ 5,246	$ (16,176)	$ (3,834)	$ 565
Net income (loss)	19,735	18,614	(7,951)	10,334	12,291	(8,035)	2,306	7,897
Other comprehensive income (loss):								
Foreign currency translation adjustment	(17)	614	98	(540)	571	45	(135)	(329)
Comprehensive income (loss)	$ 19,718	$ 19,228	$ (7,853)	$ 9,794	$ 12,862	$ (7,990)	$ 2,171	7,568
Earnings (loss) per share attributable to common stockholders								
Basic	$ 9,739.00	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ (16,176.47)	$ 2,305.69	$ 7,897.45

Diluted	$ 9,739.00	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ (16,176.47)	$ 2,305.69	$ 7,897.45
Weighted average shares outstanding								
Basic	2,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000
Diluted	2,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000
Pro forma earnings (loss) per share (unaudited):(4)								
Basic	$ 2.63	$ 2.45	$ (1.04)	$ 1.36	$ 1.63	$ (1.11)	$ 0.27	$ 0.98
Diluted	$ 2.42	$ 2.25	$ (1.04)	$ 1.26	$ 1.50	$ (1.11)	$ 0.25	$ 0.91
Pro forma weighted average shares outstanding (unaudited):(4)								
Basic	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436
Diluted	8,049,387	8,049,387	7,405,436	8,049,387	8,049,387	7,405,436	8,049,387	8,049,387

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(In thousands)	Predecessor[(1)] As of December 31, 2006	Successor As of December 31, 2007	As of December 31, 2008	As of December 31, 2009	As of December 31, 2010	As of September 30, 2011
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 8,946	$ 9,675	$ 2,303	$ 3,536	$ 1,928	$ 3,056
Aircranes, property, plant and equipment, net	43,707	46,804	46,998	44,829	52,515	57,314
Working capital[(5)]	7,625	5,359	4,773	6,702	4,659	21,363
Total assets	198,335	162,740	168,369	178,967	203,703	239,154
Total debt[(6)]	44,181	84,097	86,208	80,546	93,015	122,009
Series A redeemable preferred stock[(7)]		36,402	42,279	49,085	57,010	63,739
Stockholders' equity:						
Common stock	2,000	1	1	1	1	1
Total stockholders' equity (deficit)	96,353	(8,008)	(4,454)	485	(15,598)	(15,013)

(In thousands)	Predecessor[(1)] Year Ended December 31, 2006	Period from January 1, 2007 through September 26, 2007	Successor Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Consolidated Statement of Cash Flow Data:								
Net cash provided by (used in):								
Operating activities	$ (10,638)	$ (3,966)	$ 24,818	$ (8,717)	$ 9,900	$ (8,430)	$ (6,982)	$ (14,416)
Investing activities	(7,766)	667	(91,970)	546	(2,667)	(5,017)	(3,125)	(12,105)
Financing activities	17,680	1,152	69,737	2,111	(5,662)	11,057	6,291	28,216

(1) The year ended December 31, 2006, and the period from January 1, 2007 through September 26, 2007 do not include the effect of fair value purchase accounting adjustments resulting from our acquisition on September 27, 2007. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business."

(2) Other income (expense) for the period ended December 31, 2007 includes $12.5 million in litigation settlement expenses; for the year ended December 31, 2008 includes a $4.3 million gain related to an insurance settlement with respect to an Aircrane accident; and for the 2010 period includes $10.0 million in litigation settlement expenses and a net gain related to an aircraft accident in Malaysia of $6.3 million, after accounting for insurance proceeds.

(3) Dividends on Series A Redeemable Preferred Stock are non-cash accruals. No dividends have been paid or will be paid to holders of Series A Redeemable Preferred Stock. The Series A Redeemable Preferred Stock and the Class A Common Stock will be converted into 7,405,436 shares of a single class of common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization."

(4) Pro forma amounts give effect to our recapitalization in connection with this offering, including the conversion of Series A Redeemable Preferred Stock into common stock. The pro forma weighted diluted share amounts also include 643,951 shares of restricted common stock, or rights to receive common stock, of which we intend to issue shares, or rights to receive shares, concurrently with this offering under our proposed 2012 Stock Incentive Plan (except for the period September 27, 2007 through December 31, 2007 and the year ended December 31, 2010 because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2012 Stock Incentive Plan."

(5) Working capital (deficit) is calculated as our current assets less our current liabilities.

(6)

Debt is comprised of amounts drawn under our revolving credit facility, our term loan, and our unsecured subordinated promissory notes. In June 2010, we replaced our revolving credit facility and our term loan with a new credit facility. As a result of the refinancing, we expensed $2.3 million, including the unamortized portion of the previously deferred financing costs, and early termination fees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

(7)

Represents Series A Redeemable Preferred Stock which will be converted into common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization" and note 4 above.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of our operations together with our financial statements and the related notes to those statements included in this prospectus. In addition to historical financial information, this discussion contains forward-looking statements reflecting our current plans, estimates, beliefs, and expectations that involve risks and uncertainties. As a result of many important factors, particularly those set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements" in this prospectus, our actual results and the timing of events may differ materially from those anticipated in these forward-looking statements.

Overview of the Business

We specialize in the operation and manufacture of the Aircrane, a versatile and powerful heavy-lift helicopter. The Aircrane has a lift capacity of up to 25,000 pounds. and is the only commercial aircraft built specifically as a flying crane without a fuselage for internal load. The Aircrane is also the only commercial heavy-lift helicopter with a rear load-facing cockpit, combining an unobstructed view and complete aircraft control for precision lift and load placement capabilities. We own and operate a fleet of 17 Aircranes which we use to support a wide variety of government and commercial customers worldwide across a broad range of critical aerial services including firefighting, timber harvesting, infrastructure construction, and crewing. We refer to this segment of our business as Aerial Services. We also manufacture Aircranes and related components for sale to government and commercial customers and provide aftermarket support and maintenance, repair and overhaul services for the Aircrane and other aircraft. We refer to this segment of our business as Aircraft Manufacturing and Maintenance, Repair, and Overhaul ("Manufacturing / MRO") segment. In 2010, our Aerial Services and Manufacturing / MRO segments generated revenues of $105.7 million and $12.5 million, respectively. For the nine months ended September 30, 2011, our Aerial Services and Manufacturing / MRO segments generated revenues of $111.2 million and $10.8 million, respectively.

In our Aerial Services segment, our engineering staff has developed enhanced mission-specific capabilities and modifications for the Aircrane that allow us to compete effectively and contribute to our market share. We typically lease our Aircranes to customers and provide associated crewing and maintenance services. Our pilots and mechanics are technical specialists with years of training. One of our offerings is to provide crewing for aircraft we have sold to various customers.

Through our Manufacturing / MRO segment we manufacture Aircranes from existing airframes, manufacture new components on a contract basis, and provide customers with FAA- and European Aviation Safety Agency-certified MRO services in our AS9100 certified facility. AS9100 is a widely adopted and standardized quality management system for the aerospace industry. We also offer cost per hour ("CPH") contracts pursuant to which we provide components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. We believe CPH contracts help our customers better predict and manage their maintenance costs.

We manage our business using key operating indicators to measure our performance, balancing short-term results and strategic priorities.

Sales and Marketing

To maintain and strengthen our position in the Aerial Services market, we monitor revenue flight hours and aggregate revenues from firefighting, timber harvesting, construction and crewing contracts, and compare these against budgeted and forecasted targets to measure performance. We monitor our sales pipeline for each of these services, and maintain a master fleet schedule and attempt to maximize Aircrane utilization and revenues by minimizing our "white space," or Aircrane idle time.

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To continue to build and develop our Manufacturing / MRO business, we focus on our aircraft sales pipeline, including the quality of our prospects, and on the number of bids and win-rate associated with bids for MRO and component manufacturing opportunities. We compare revenues against budgeted and forecasted targets to measure performance.

Operations and Safety

A key operating measure used by management in evaluating each of our business segments is gross profit, which is revenues less cost of revenues. Our most significant cost of revenues are material (including raw materials and plant labor and overhead including related employee benefits), fuel, and labor. We closely monitor material costs and fuel costs measured on a per-flight-hour basis. We also measure the costs of crewing (our pilots and field mechanics) and related expenses such as travel and local contract-related expenses, and compare these metrics against budgeted and forecasted targets to measure performance. We target all contracts to have positive gross profit; however, due to the seasonality of our business, we often have unabsorbed costs in the first quarter and the fourth quarter which could lead to negative reported gross profit in these quarters.

We evaluate key corporate projects and research and development projects based on projected returns on investment. We monitor implementation and development schedules and costs and compare performance to budgeted amounts.

Safety is critical to the operation of our business, and we measure a variety of safety metrics including detail by ground and aerial operations and by mechanical and human factor related causes. We measure all metrics for both the current period and long-term trending, both in absolute terms and on a per-flight-hour basis.

Financial and Overall Performance

We measure overall business performance according to five critical metrics: EBITDA, Bank EBITDA (see "Bank EBITDA"), revenue growth, net income, and free cash flow.

Our key liquidity measures include revolver availability, receivables aging, capital investments, and bank covenant compliance.

We annually prepare a five-year strategic plan encompassing expected results of operations and key growth opportunities. Our strategic planning process results in a complete set of forecasted financial statements, a critical action plan to achieve our strategic goals, and specific performance goals and measurements.

Our Operating Revenue

Aerial Services. Our Aerial Services revenue is derived primarily from contracts with government and commercial customers who use our services for firefighting, timber harvesting, infrastructure construction projects, and crewing services. Many of our contracts for Aerial Services are multi-year, and these contracts provide the majority of our current revenue backlog.

Firefighting Contracts. We generally charge a daily standby fee for the contract period with an additional rate for hours flown; some contracts include a minimum number of hours to be flown before the hourly rate is charged. We have both domestic and international contracts, which may be exclusive-use or call-when-needed in nature. Exclusive-use contracts denote that we are obligated to provide, and our customer is obligated to take and pay for, the use of our services. Call-when-needed contracts are contracts with pre-negotiated terms under which we may elect to provide services if requested.

Timber Harvesting Contracts. We generally operate on either an hourly rate structure or a per cubic meter of high grade timber delivered basis. We serve a variety of private customers in North America and Asia.

Infrastructure Construction Contracts. Our infrastructure construction operations vary from short-term construction jobs (generally one to five days in duration) to longer-term jobs (several months in duration) within the construction, energy transmission, and energy generation industries.

Crewing Services. For customers who purchase an Aircrane but lack qualified operating personnel, we offer pilots and field maintenance crews on annual or multi-year contracts. We have contracts in place for crewing five of the nine aircraft we have sold since 2002.

Manufacturing / MRO. Our Manufacturing / MRO revenue is derived from the sale of Aircranes, from the sale of aircraft components, and from providing MRO and CPH services to various customers.

Aircrane Sales. In our Central Point, Oregon facility we have the capability to remanufacture Aircranes on existing S-64 and CH-54 airframes. Customers who identify a year-round or otherwise critical application for an Aircrane may find it advantageous to own an Aircrane rather than leasing our fleet's services. We have sold nine Aircranes since 2002.

Component Part Sales. We have an ongoing revenue stream from customers who own or operate either Aircranes or the military version, CH-54s and require parts support for their helicopters. We are also pursuing aftermarket opportunities to develop component parts for other aircraft.

MRO Services. Similar to component part sales, we have an ongoing revenue stream from customers who own or operate Aircranes, CH-54s, or other aircraft and need their aircraft components repaired or overhauled by a certified facility.

CPH Services. For customers who desire better predictability and stability in their aircraft operating costs, we offer contracts in which we provide components and expendable supplies at a fixed cost per flight hour.

Our Operating Expenses

Cost of Revenues. Our cost of revenues consists of purchased materials; consumed inventory; plant labor and overhead; aviation fuel; aircraft insurance; contract specific expenses associated with operating in various geographies; shipping costs for transporting our Aircranes; depreciation and amortization of our Aircranes, plant, property, and equipment; and pilot and field mechanic wages, benefits, and other related costs.

Selling and Marketing. Our selling and marketing expenses consist primarily of compensation, benefits, and travel related costs for sales and marketing employees and fees paid to contractors and consultants. Also included are expenses for trade shows, customer demonstrations, and public relations and other promotional and marketing activities, as well as cost of bad debts.

Research and Development. Our research and development expenses consist primarily of wages, benefits, and travel for our engineering employees and fees paid to contractors and consultants. Also included are expenses for materials needed to support research and development efforts and expenses associated with testing and certification.

General and Administrative. Our general and administrative expenses consist primarily of wages, benefits, and travel for general and administrative employees and fees paid to contractors and consultants in executive, finance, accounting, information technology, human resources, and legal roles, including employees in our foreign subsidiaries involved in these activities. Also included are expenses for legal, accounting, and other professional services and bank fees.

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Other Income (Expense), Net. Our other income (expense) consists primarily of the interest paid on outstanding indebtedness, realized/unrealized foreign exchange gains and losses, amortization of debt issuance costs, and interest related to tax contingencies, as well as certain other charges and income, such as legal settlements, gain and loss on the disposal of equipment, amortization and write-off of deferred financing fees, and insurance settlements. With regard to foreign exchange gains and losses, our operations in foreign countries are partially self-hedged, with the majority of our European, Canadian, Australian and Asian contracts having both revenues and local expenses paid in the local currency; in addition, some of our contracts provide for rate adjustments based on changes in currency exchange rates. For currency exposure that is not self-hedged, we sometimes enter into forward contracts to reduce our currency risk.

Trends and Uncertainties Affecting Our Business

Effect of 2007 Acquisition. Our Company was acquired in a merger transaction on September 27, 2007, in which the buyers acquired 100% of our outstanding common stock for $93.1 million, which amount included direct acquisition costs of $3.4 million. The acquisition was accounted for as a purchase in accordance with the Financial Accounting Standard Board's Accounting Standards Codification No. 805, Business Combinations. As a result, we allocated the purchase price to the assets acquired and the liabilities assumed at the date of the acquisition based on their estimated fair value as of the closing date. As a result of this adjustment, the cost of revenues in each of the successor periods included in this prospectus reflects the lower carrying value of our aircraft support parts that we have sold or used in our maintenance, repair, and overhaul operations. The aggregate effect of the purchase accounting adjustment with respect to our inventory was approximately $28.0 million from the date of acquisition through September 30, 2011. Based on our past experience and historical inventory usage patterns, we expect to largely realize the benefit of the approximately $20.0 million remaining fair value purchase accounting adjustment to aircraft support parts over the next five years as we sell and use our legacy inventory. Our legacy inventory consists of aircraft parts and components purchased over multiple years for which there is no liquid market; therefore, there is no guarantee that we will be able to purchase new inventory at the carrying values of our legacy inventory currently reflected on our balance sheet.

Aircrane Sales. A sale of an Aircrane has a material effect on our financial results, and Aircrane sales have been a dominant factor in fluctuations in our year-over-year results. Although we have focused our sales and marketing efforts on increasing Aircrane sales, sales are not guaranteed in a particular financial period or at all. In the five years comprising 2006 to 2010, we sold three, three, zero, one and zero Aircrane(s), respectively. Since 2002, we have sold and delivered nine Aircranes. One of our significant customers holds the right to exercise a put option that would, if exercised, require us to repurchase on July 31, 2013 the Aircrane we sold to the customer in 2009. The exercise price would be the fair market value of the Aircrane, determined by independent appraisers at the time of exercise. The fair market value of the Aircrane at July 31, 2013 will be highly dependent upon the hours of usage and the customer use profile for the Aircrane, which makes it difficult to estimate a fair value at this time. However, management believes an anticipated range of fair value, based upon our experience and industry knowledge, should be approximately between $10.0 million and $18.0 million. Because our existing credit facility terminates on June 24, 2013, our ability to finance this purchase may depend on our ability to obtain new financing in the ordinary course of our business. If the put option is exercised, the customer must provide six months advance notice, and we would anticipate funding the purchase through our credit facilities, if available, or by improving our cash flow position by adjusting inventory levels and build plans. None of our other aircraft sale agreements have included a put option. We agreed to provide a put option in our 2009 sale agreement based on that customer's unique circumstances. Inclusion of the put option was important to the customer when the sale agreement was negotiated.

We currently have 17 Aircranes that we employ in providing Aerial Services. The Aircrane that is subject to the Aircraft Lease and Purchase Option Agreement with HRT is one of the 17 Aircranes in the Aerial Services fleet. If HRT exercises its purchase option, we will have 16 Aircranes in our fleet. Although we

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expect to be able to maintain the level of our operations through more efficient scheduling of our fleet or by allocating Aircranes held for sale to Aerial Services operations in 2012, we may not always have the ability to maintain our desired level of Aerial Services operations with a reduced fleet which could reduce our ability to generate Aerial Services revenues.

We have historically, including in the periods presented in this prospectus, recognized revenues on Aircrane sales when the aircraft is delivered to a customer. We expect to recognize revenues on future sales of Aircranes when the criteria for using the percentage of completion method of accounting have been met. Revenue on contracts using the percentage of completion method is based on estimates, including estimated labor hours. See " Critical Accounting Policies and Estimates Revenue Recognition Manufacturing / MRO." Because the percentage of completion method requires management estimates of aggregate contract costs, changes in estimates between periods could affect our anticipated earnings. See "Risk Factors We make estimates in accounting for revenues and costs, and any changes in these estimates may have significant impacts on our earnings."

November 2011 Restructuring. On November 2, 2011, we completed a company restructuring which included a reduction-in-force of 119 employees. The restructuring was needed to realign our operating expenses to ensure that we remain competitive in the markets we serve. However, as a result of the reduction-in-force, we may experience longer aircraft delivery lead times for future customers who wish to purchase Aircranes, which may delay the timing of our aircraft sales revenues going forward. In the event that we experience significantly increased customer demand to purchase our Aircranes, we anticipate being able to meet such demand by rapidly expanding our manufacturing capacity and related resources.

Seasonality. Our Aerial Services operations in any given location are heavily seasonal and depend on prevailing weather conditions. Our flight hours are substantially reduced in winter or monsoon seasons. The global deployment of our helicopters and crews helps to limit the effect of seasonality, but our Aerial Services operations tend to peak in June through October and to be at a low point in January through April.

Stock-based Compensation. Prior to the closing of this offering, we intend to adopt our 2012 Stock Incentive Plan and to commence granting equity awards thereunder. We expect increased operating expenses associated with stock-based compensation, which will be allocated and included primarily in general and administrative expenses and selling and marketing expenses. We expect substantially all of our stock-based compensation expense to be comprised of costs associated with restricted stock issued to employees. We will record the fair value of these equity-based awards and expense their cost ratably over related vesting periods, which we expect will generally be five years.

We intend to issue shares of restricted stock concurrently with the closing of this offering, including: (1) shares of restricted stock to certain members of our management; (2) an estimated 17,500 shares of restricted stock to a broad base of our employees based on years of service with us; and (3) an estimated 7,500 shares of restricted stock to our independent directors to our senior management, employees and directors. The value of such shares of restricted stock will be the initial public offering price. Assuming issuance at a price of $ per share, the midpoint of the sale price range set forth on the cover of this prospectus, we would expect to recognize stock-based compensation expense of approximately $ million for the three months ending March 31, 2012 with an additional stock-based compensation expense of approximately $ million that will be recognized over the remaining vesting period of such restricted stock. In future periods, our stock-based compensation expense may increase materially if we issue additional stock-based awards to attract and retain employees.

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Results of Operations

Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010

The following table presents our consolidated operating results for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010:

(Dollars in thousands)	Nine Months Ended September 30, 2010	% of Revenues	Nine Months Ended September 30, 2011	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 82,358	88.5	$ 111,235	91.1	$ 28,877	35.1
Manufacturing / MRO	10,682	11.5	10,819	8.9	137	1.3
Total revenues	93,040	100.0	122,054	100.0	29,014	31.2
Cost of revenues:						
Aerial Services	61,433	74.6	75,275	67.7	13,842	22.5
Manufacturing / MRO	6,047	56.6	8,394	77.6	2,347	38.8
Total cost of revenues	67,480	72.5	83,669	68.6	16,189	24.0
Gross profit						
Aerial Services	20,925	25.4	35,960	32.3	15,035	71.9
Manufacturing / MRO	4,635	43.4	2,425	22.4	(2,210)	(47.7)
Total gross profit	25,560	27.5	38,385	31.4	12,825	50.2
Operating expenses:						
General and administrative	9,717	10.4	9,534	7.8	(183)	(1.9)
Research and development	5,398	5.8	3,223	2.6	(2,175)	(40.3)
Selling and marketing	4,630	5.0	5,469	4.5	839	18.1
Total operating expenses	19,745	21.2	18,226	14.9	(1,519)	(7.7)
Income (loss) from operations	5,815	6.3	20,159	16.5	14,344	246.7
Other income (expense), net:						
Interest expense, net	(3,391)	(3.6)	(6,556)	(5.4)	(3,165)	93.3
Loss on early extinguishment of debt	(2,265)	(2.4)			2,265	100.0
Other income (expense), net	5,507	5.9	890	0.7	(4,617)	(83.8)
Total other income (expense)	(149)	(0.2)	(5,666)	(4.6)	(5,517)	3702.7
Net income (loss) before income taxes and noncontrolling interest	5,666	6.1	14,493	11.9	8,827	155.8
Income tax expense (benefit)	3,360	3.6	6,596	5.4	3,236	96.3
Net income (loss)	2,306	2.5	7,897	6.5	5,591	242.5
Less: Net (income) loss related to noncontrolling interest	(322)	(0.3)	(603)	(0.5)	(281)	87.3
Net income (loss) attributable to Erickson Air-Crane Incorporated	1,984	2.1	7,294	6.0	5,310	267.6
Dividends on Series A redeemable preferred stock	5,818	6.3	6,729	5.5	911	15.7
Net income (loss) attributable to common stockholders	$ (3,834)	(4.1)	$ 565	0.5	$ 4,399	(114.7)

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Revenues

Consolidated revenue increased by $29.0 million, or 31.2%, to $122.1 million in the 2011 period from $93.0 million in the 2010 period. The increase in revenues was attributable to a $28.9 million increase in Aerial Services revenues and a $0.1 million increase in Manufacturing / MRO revenues.

(Dollars in thousands)	Nine Months Ended September 30, 2010	% of Revenues	Nine Months Ended September 30, 2011	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 82,358	88.5	$ 111,235	91.1	$ 28,877	35.1
Manufacturing / MRO	10,682	11.5	10,819	8.9	137	1.3
Total revenues	$ 93,040	100.0	$ 122,054	100.0	$ 29,014	31.2

Aerial Services. Aerial Services revenue increased by $28.9 million, or 35.1%, to $111.2 million in the 2011 period from $82.4 million in the 2010 period. Revenue flight hours for Aerial Services during the 2011 period increased 47.2% to 8,611 hours from 5,849 hours in the 2010 period.

The following are our revenue and revenue flight hours by type of service for the nine months ended September 30, 2011 and 2010:

(Dollars in thousands)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Change	% Change
Aerial Services Revenue:				
Firefighting	$ 44,973	$ 61,840	$ 16,867	37.5
Timber Harvesting	21,624	25,565	3,941	18.2
Infrastructure Construction	4,443	8,338	3,895	87.7
Crewing	11,318	15,492	4,174	36.9
Total Aerial Services revenue	$ 82,358	$ 111,235	$ 28,877	35.1

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Change	% Change
Aerial Services Revenue Flight Hours:				
Firefighting	1,692	2,992	1,300	76.8
Timber Harvesting	3,015	3,671	656	21.8
Infrastructure Construction	268	624	356	132.8
Crewing	874	1,324	450	51.5
Total Aerial Services revenue flight hours	5,849	8,611	2,762	47.2

Firefighting revenue increased by $16.9 million, or 37.5%, to $61.8 million in the 2011 period from $45.0 million in the 2010 period. This increase was largely due to increases in firefighting revenues in North America of $14.8 million and in Australia of $3.2 million in the 2011 period compared to the 2010 period, partially offset by a $1.1 million decrease in firefighting revenues in Greece. In the 2011 period, both the United States and Canada experienced active fire seasons which resulted in higher demand for our services as compared to the 2010 period. In Australia the increase in revenues was primarily due to contract extensions.

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Timber Harvesting revenue increased by $3.9 million, or 18.2%, to $25.6 million in the 2011 period from $21.6 million in the 2010 period. This increase was primarily due to revenues from a new Canadian customer in the 2011 period.

Infrastructure Construction revenue increased by $3.9 million, or 87.7%, to $8.3 million in the 2011 period from $4.4 million in the 2010 period. This increase was primarily due to longer duration jobs in North America, and new customers in South America and Asia.

Crewing revenue increased by $4.2 million, or 36.9%, to $15.5 million in the 2011 period from $11.3 million in the 2010 period. This increase was due to the mid-year 2010 start of the contract with a North American customer and to higher flight hours in Italy.

Manufacturing / MRO. Manufacturing / MRO revenue increased by $0.1 million to $10.8 million in the 2011 period from $10.7 million in the 2010 period.

Gross Profit

Consolidated gross profit increased by $12.8 million, or 50.2%, to $38.4 million in the 2011 period from $25.6 million in the 2010 period. The increase was attributable to an increase in Aerial Services gross profit of $15.0 million, partially offset by a decrease in gross profit from Manufacturing / MRO of $2.2 million in the 2011 period.

(Dollars in thousands)	Nine Months Ended September 30, 2010	% of Related Revenues	Nine Months Ended September 30, 2011	% of Related Revenues	Change	% Change
Gross profit						
Aerial Services	$ 20,925	25.4	$ 35,960	32.3	$ 15,035	71.9
Manufacturing / MRO	4,635	43.4	2,425	22.4	(2,210)	(47.7)
Total gross profit	$ 25,560	27.5	$ 38,385	31.4	$ 12,825	50.2

Aerial Services. Aerial Services gross profit increased by $15.0 million, or 71.9%, to $36.0 million in the 2011 period from $20.9 million in the 2010 period. Gross profit margin was 32.3% in the 2011 period compared to 25.4% in the 2010 period. The revenue increase of $28.9 million for the 2011 period compared to the 2010 period was the primary reason for the gross profit improvement; certain costs of Aerial Services revenues are fixed in nature, and the increase in flight hour revenues directly benefitted our operating margins and results, partially offset by costs associated with increased maintenance performed in the 2011 period.

Manufacturing / MRO. Manufacturing / MRO gross profit decreased by $2.2 million, or 47.7%, to $2.4 million in the 2011 period compared to $4.6 million in the 2010 period, primarily due to higher plant costs, including scrap and unabsorbed plant costs due to lower plant activity levels, and to higher warranty costs associated with an accessory failure on a customer's Aircrane.

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Operating Expenses

(Dollars in thousands)	Nine Months Ended September 30, 2010	% of Revenues	Nine Months Ended September 30, 2011	% of Revenues	Change	% Change
Operating expenses:						
General and administrative	$ 9,717	10.4	$ 9,534	7.8	$ (183)	(1.9)
Research and development	5,398	5.8	3,223	2.6	(2,175)	(40.3)
Selling and marketing	4,630	5.0	5,469	4.5	839	18.1
Total operating expenses	19,745	21.2	18,226	14.9	(1,519)	(7.7)
Income (loss) from operations	$ 5,815	6.3	$ 20,159	16.5	$ 14,344	246.7

Operating expenses, which include general and administrative, research and development, and selling and marketing, decreased by $1.5 million, or 7.7%, to $18.2 million in the 2011 period from $19.7 million in the 2010 period. The change was primarily due to a decrease in research and development expenses resulting from the completion of a major project during 2010, partially offset by investment in our sales and marketing functions, including the addition of key personnel.

Other Income (Expense), Net

(Dollars in thousands)	Nine Months Ended September 30, 2010	% of Revenues	Nine Months Ended September 30, 2011	% of Revenues	Change	% Change
Other income (expense), net:						
Interest expense, net	$ (3,391)	(3.6)	$ (6,556)	(5.4)	$ (3,165)	93.3
Loss on early extinguishment of debt	(2,265)	(2.4)			2,265	100.0
Other income (expense), net	5,507	5.9	890	0.7	(4,617)	(83.8)
Total other income (expense), net	$ (149)	(0.2)	$ (5,666)	(4.6)	$ (5,517)	3,702.7

Total other income (expense), net decreased by $5.5 million to $5.7 million of expense in the 2011 period from $0.1 million of expense in the 2010 period. Interest expense, net increased by $3.2 million, to $6.6 million in the 2011 period, from $3.4 million in the 2010 period, due to an increase in the effective interest rates on borrowings and an increase in our average outstanding borrowings. Loss on early

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extinguishment of debt included a $1.8 million write-off of debt issuance costs and early debt termination fees of $0.5 million in the 2010 period associated with signing our new Credit Agreement on June 30, 2010.

(In thousands)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Change
Other income (expense), net:			
Gain on involuntary conversions	$ 6,285	$	$ (6,285)
Unrealized foreign exchange gain (loss)	(82)	1,461	1,543
Realized foreign exchange gain (loss)	(76)	(403)	(327)
Gain (loss) on disposal of equipment	6	5	(1)
Amortization of debt issuance costs	(546)	(553)	(7)
Interest expense related to tax contingencies	(371)	(270)	101
Other income (expense), net	291	650	359
Other income (expense), net	$ 5,507	$ 890	$ (4,617)

Other income (expense), net decreased by $4.6 million, or 83.8%, to $0.9 million of income in the 2011 period from $5.5 million of income in the 2010 period. Other income (expense), net included a net gain of $6.3 million, after accounting for insurance proceeds, in the 2010 period associated with an aircraft accident; and a foreign exchange net gain of $1.1 million in the 2011 period compared to a foreign exchange net loss of $0.2 million in the 2010 period.

Income Tax Expense (Benefit)

(Dollars in thousands)	Nine Months Ended September 30, 2010	% of Revenues	Nine Months Ended September 30, 2011	% of Revenues	Change	% Change
Net income (loss) before income taxes and noncontrolling interest	$ 5,666	6.1	$ 14,493	11.9	$ 8,827	155.8
Income tax expense (benefit)	3,360	3.6	6,596	5.4	3,236	96.3
Net income (loss)	$ 2,306	2.5	$ 7,897	6.5	$ 5,591	242.5

Income tax expense increased by $3.2 million, or 96.3% to $6.6 million in the 2011 period from $3.4 million in the 2010 period, primarily due to the increase in net income before taxes and noncontrolling interest. The effective tax rate in the 2011 period was 45.5% compared to 59.3% in the 2010 period, primarily due to a decrease in the 2011 period of foreign tax, as a percentage of taxable income.

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Net Income (Loss) Attributable to Erickson Air-Crane Incorporated

(Dollars in thousands)	Nine Months Ended September 30, 2010	% of Revenues	Nine Months Ended September 30, 2011	% of Revenues	Change	% Change
Net income (loss)	$ 2,306	2.5	$ 7,897	6.5	$ 5,591	242.5
Less: Net (income) loss related to noncontrolling interest	(322)	(0.3)	(603)	(0.5)	(281)	87.3
Net income (loss) attributable to Erickson Air-Crane Incorporated	1,984	2.1	7,294	6.0	5,310	267.6
Dividends on series A redeemable preferred stock	5,818	6.3	6,729	5.5	911	15.7
Net income (loss) attributable to common stockholders	$ (3,834)	(4.1)	$ 565	0.5	$ 4,399	(114.7)

Net income (loss) attributable to Erickson Air-Crane Incorporated increased by $5.3 million, or 267.6%, to $7.3 million in the 2011 period from $2.0 million in the 2010 period, primarily due to the changes in revenues and expenses discussed above. Net income (loss) attributable to common stockholders increased by $4.4 million, or 114.7%, to an income of $0.6 million in the 2011 period from a loss of $3.8 million in the 2010 period after accounting for accrued dividends on our Series A Redeemable Preferred Stock.

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2010 Compared to 2009

The following table presents our consolidated operating results for the year ended December 31, 2010 compared to the year ended December 31, 2009:

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 113,603	75.9	$ 105,747	89.4	$ (7,856)	(6.9)
Manufacturing / MRO	36,019	24.1	12,493	10.6	(23,526)	(65.3)
Total revenues	149,622	100.0	118,240	100.0	(31,382)	(21.0)
Cost of revenues:						
Aerial Services	76,855	67.7	81,353	76.9	4,498	5.9
Manufacturing / MRO	21,272	59.1	7,651	61.2	(13,621)	(64.0)
Total cost of revenues	98,127	65.6	89,004	75.3	(9,123)	(9.3)
Gross profit						
Aerial Services	36,748	32.3	24,395	23.1	(12,353)	(33.6)
Manufacturing / MRO	14,747	40.9	4,841	38.7	(9,906)	(67.2)
Total gross profit	51,495	34.4	29,236	24.7	(22,259)	(43.2)
Operating expenses:						
General and administrative	14,877	9.9	14,105	11.9	(772)	(5.2)
Research and development	6,889	4.6	6,400	5.4	(489)	(7.1)
Selling and marketing	5,115	3.4	6,987	5.9	1,872	36.6
Total operating expenses	26,881	18.0	27,492	22.3	611	2.3
Income (loss) from operations	24,614	16.5	1,744	1.5	(22,870)	(92.9)
Other income (expense), net:						
Interest expense, net	(6,006)	(4.0)	(4,865)	(4.1)	1,141	(19.0)
Loss on early extinguishment of debt			(2,265)	(1.9)	(2,265)	(100.0)
Other income (expense), net	(987)	(0.7)	(6,193)	(5.2)	(5,206)	527.5
Total other income (expense)	(6,993)	(4.7)	(13,323)	(11.3)	(6,330)	90.5
Net income (loss) before income taxes and noncontrolling interest	17,621	11.8	(11,579)	(9.8)	(29,200)	(165.7)
Income tax expense (benefit)	5,330	3.6	(3,544)	(3.0)	(8,874)	(166.5)
Net income (loss)	12,291	8.2	(8,035)	(6.8)	(20,326)	(165.4)
Less: Net (income) loss related to noncontrolling interest	(239)	(0.2)	(216)	(0.2)	(23)	(9.6)
Net income (loss) attributable to Erickson Air-Crane Incorporated	12,052	8.1	(8,251)	(7.0)	(20,303)	(168.5)
Dividends on Series A redeemable preferred stock	6,806	4.5	7,925	6.7	1,119	16.4
Net income (loss) attributable to common stockholders	$ 5,246	3.5	$ (16,176)	(13.7)	$ (21,422)	(408.3)

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Revenues

Consolidated revenue decreased by $31.4 million, or 21.0%, to $118.2 million in 2010 from $149.6 million in 2009. The decrease in revenues was attributable to a $7.9 million decrease in Aerial Services revenues and a $23.5 million decrease in Manufacturing / MRO revenues.

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 113,603	75.9	$ 105,747	89.4	$ (7,856)	(6.9)
Manufacturing / MRO	36,019	24.1	12,493	10.6	(23,526)	(65.3)
Total revenues	$ 149,622	100.0	$ 118,240	100.0	$ (31,382)	(21.0)

Aerial Services. Aerial Services revenue decreased by $7.9 million, or 6.9%, to $105.7 million in 2010 from $113.6 million in 2009. Revenue flight hours for Aerial Services during 2010 decreased 10.8% to 7,252 hours from 8,132 hours in 2009.

The following are our revenue and revenue flight hours by type of service for the year ended December 31, 2010 and 2009:

(Dollars in thousands)	Year Ended December 31, 2009	Year Ended December 31, 2010	Change	% Change
Aerial Services Revenue:				
Firefighting	$ 74,802	$ 54,749	$ (20,053)	(26.8)
Timber Harvesting	23,624	29,694	6,070	25.7
Infrastructure Construction	7,494	5,743	(1,751)	(23.4)
Crewing	7,683	15,561	7,878	102.5
Total Aerial Services revenue	$ 113,603	$ 105,747	$ (7,856)	(6.9)

	Year Ended December 31, 2009	Year Ended December 31, 2010	Change	% Change
Aerial Services Revenue Flight Hours:				
Firefighting	3,332	1,803	(1,529)	(45.9)
Timber Harvesting	3,611	4,137	526	14.6
Infrastructure Construction	406	342	(64)	(15.8)
Crewing	783	970	187	23.9
Total Aerial Services revenue flight hours	8,132	7,252	(880)	(10.8)

Firefighting revenue decreased by $20.1 million, or 26.8%, to $54.8 million in 2010 from $74.8 million in 2009. This decrease was primarily due to a contract restructuring with a European customer in 2009, in which we transitioned services from firefighting to crewing and CPH services, resulting in a decrease of approximately $9.9 million in firefighting revenues and an increase of approximately $8.9 million in crewing and CPH services in 2010 compared to 2009. This was coupled with decreases in firefighting revenues in Canada of $4.7 million, in Australia of $4.9 million and in Greece of $2.7 million in 2010 compared to 2009 partially offset by a $2.1 million increase in firefighting revenues in the United States. In 2009, both Canada and Australia experienced active fire seasons which resulted in relatively higher demand for our services. In the United States, an additional Aircrane was added to our U.S. Forest Service contract, resulting in increased revenues of $2.0 million in 2010.

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Timber Harvesting revenue increased by $6.1 million, or 25.7%, to $29.7 million in 2010 from $23.6 million in 2009. This increase was primarily due to revenues from a full year of sales with a Malaysian customer in 2010 as compared to 2009.

Infrastructure Construction revenue decreased by $1.8 million, or 23.4%, to $5.7 million in 2010 from $7.5 million in 2009, primarily due to shorter-duration jobs and lower construction hours flown in 2010 compared to 2009.

Crewing revenue increased by $7.9 million, or 102.5%, to $15.6 million in 2010 from $7.7 million in 2009. The increase was primarily due to a contract restructuring with a significant European customer, resulting in an increase in crewing services and a decrease in firefighting services with this customer; as part of the contract restructuring, flight hours on this European customer's Aircranes, which were reported as Crewing flight hours before the restructuring, are reported as CPH flight hours in Manufacturing / MRO after the restructuring. Additionally, during 2010 we began crewing for the customer we sold and delivered an aircraft to in 2009.

Manufacturing / MRO. Manufacturing / MRO revenue decreased by $23.5 million to $12.5 million in 2010 from $36.0 million in 2009. The decrease in revenue was primarily the result of not having an aircraft sale in 2010 and having one aircraft sale in 2009, which was partially offset by an increase in CPH for 2010 as compared to 2009, primarily due to the restructuring of a contract with a European customer as discussed above.

Gross Profit

Consolidated gross profit decreased by $22.3 million, or 43.2%, to $29.2 million in 2010 from $51.5 million in 2009. The decrease was attributable to a decrease in Aerial Services gross profit of $12.4 million and a decrease in gross profit from Manufacturing / MRO of $9.9 million in 2010 compared to 2009.

(Dollars in thousands)	Year Ended December 31, 2009	% of Related Revenues	Year Ended December 31, 2010	% of Related Revenues	Change	% Change
Gross profit						
Aerial Services	$ 36,748	32.3	$ 24,395	23.1	$ (12,353)	(33.6)
Manufacturing / MRO	14,747	40.9	4,841	38.7	(9,906)	(67.2)
Total gross profit	$ 51,495	34.4	$ 29,236	24.7	$ (22,259)	(43.2)

Aerial Services. Aerial Services gross profit decreased by $12.4 million, or 33.6%, to $24.4 million in 2010 from $36.7 million in 2009. Gross profit margin was 23.1% in 2010 compared to 32.3% in 2009. The lower gross profit margin primarily resulted from (1) a change in the mix of our revenues from firefighting to timber harvesting and crewing, (2) increased insurance premiums after an aircraft accident in June 2010, (3) the $7.9 million revenue decrease in 2010 compared to 2009, and (4) the effects of our fixed costs related to Aerial Services spread across lower flight hour revenues in 2010 compared to 2009.

Manufacturing / MRO. Manufacturing / MRO gross profit decreased by $9.9 million, or 67.2%, to $4.8 million in 2010 compared to $14.7 million in 2009, primarily due to the decreased revenues. Gross profit margin was 38.7% in 2010 compared to 40.9% in 2009.

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Operating Expenses

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Operating expenses:						
General and administrative	$ 14,877	9.9	$ 14,105	11.9	$ (772)	(5.2)
Research and development	6,889	4.6	6,400	5.4	(489)	(7.1)
Selling and marketing	5,115	3.4	6,987	5.9	1,872	36.6
Total operating expenses	$ 26,881	18.0	$ 27,492	23.3	$ 611	2.3
Income (loss) from operations	$ 24,614	16.5	$ 1,744	1.5	$ (22,870)	(92.9)

Operating expenses, which include general and administrative, research and development, and selling and marketing, increased by $0.6 million, or 2.3%, to $27.5 million in 2010 from $26.9 million in 2009. The change was primarily due to a greater investment in our sales and marketing functions in 2010 compared to 2009, including the addition of key personnel, coupled with an increase in our allowance for bad debts and legal fees, partially offset by reductions in incentive based compensation and research and development spending.

Other Income (Expense), Net

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Other income (expense), net:						
Interest expense, net	$ (6,006)	(4.0)	$ (4,865)	(4.1)	$ 1,141	(19.0)
Loss on early extinguishment of debt			(2,265)	(1.9)	(2,265)	(100.0)
Other income (expense), net	(987)	(0.7)	(6,193)	(5.2)	(5,206)	527.5
Total other income (expenses), net	$ (6,993)	(4.7)	$ (13,323)	(11.3)	$ (6,330)	90.5

Total other income (expense), net increased by $6.3 million, or 90.5%, to $13.3 million of expense in 2010 from $7.0 million of expense in 2009. Interest expense, net decreased by $1.1 million, to $4.9 million in 2010, from $6.0 million in 2009, due to a decrease in the effective interest rates on borrowings and finance charges related to contract advance payments we received in 2009. Loss on early extinguishment of debt includes a $1.8 million write-off of debt issuance costs and early termination fees of $0.5 million in

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2010 due to the signing of the Credit Agreement on June 30, 2010. Other income (expense), net is presented composed of the following items for 2009 and 2010:

(In thousands)	Year Ended December 31, 2009	Year Ended December 31, 2010	Change
Other income (expense), net:			
Litigation settlement	$	$ (10,000)	$ (10,000)
Gain on involuntary conversions		6,285	6,285
Unrealized foreign exchange gain (loss)	(992)	(905)	87
Realized foreign exchange gain (loss)	371	34	(337)
Gain (loss) on disposal of equipment	349	(83)	(432)
Amortization of debt issuance costs	(975)	(703)	272
Interest expense related to tax contingencies	(500)	(495)	5
Other income (expense), net	760	(326)	(1,086)
Other income (expense), net	$ (987)	$ (6,193)	$ (5,206)

Other income (expense), net in 2010 included our $10.0 million litigation settlement with Evergreen Helicopters, Inc., partially offset by a net gain of $6.3 million, after accounting for insurance proceeds, associated with an aircraft accident; and foreign exchange gains and (losses) of a net loss of $0.9 million in 2010 compared to a net loss of $0.6 million in 2009.

Income Tax Expense (Benefit)

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Net income (loss) before income taxes and noncontrolling interest	$ 17,621	11.8	$ (11,579)	(9.8)	$ (29,200)	(165.7)
Income tax expense (benefit)	5,330	3.6	(3,544)	(3.0)	(8,874)	(166.5)
Net income (loss)	$ 12,291	8.2	$ (8,035)	(6.8)	$ (20,326)	(165.4)

Income tax expense (benefit) decreased by $8.9 million to a benefit of $3.5 million in 2010 from an expense of $5.3 million in 2009, primarily due to the decrease in net income (loss) before taxes. The effective tax rate in 2010 was 30.6% compared to 30.3% in 2009.

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Net Income (Loss) Attributable to Erickson Air-Crane Incorporated

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Net income (loss)	$ 12,291	8.2	$ (8,035)	(6.8)	$ (20,326)	(165.4)
Less: Net (income) loss related to noncontrolling interest	(239)	(0.2)	(216)	(0.2)	(23)	(9.6)
Net income (loss) attributable to Erickson Air-Crane Incorporated	12,052	8.1	(8,251)	(7.0)	(20,303)	(168.5)
Dividends on series A redeemable preferred stock	6,806	4.5	7,925	6.7	1,119	16.4
Net income (loss) attributable to common stockholders	$ 5,246	3.5	$ (16,176)	(13.7)	$ (21,422)	(408.3)

Net income (loss) attributable to Erickson Air-Crane Incorporated decreased by $20.3 million to a loss of $8.3 million in 2010 from an income of $12.1 million in 2009, primarily due to the changes in revenues and expenses discussed above. Net income (loss) attributable to common stockholders decreased by $21.4 million to a loss of $16.2 million in 2010 from an income of $5.2 million in 2009 after accounting for accrued dividends on our Series A Redeemable Preferred Stock.

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2009 Compared to 2008

The following table presents our consolidated operating results for 2009 compared to 2008:

(Dollars in thousands)	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 136,548	96.2	$ 113,603	75.9	$ (22,945)	(16.8)
Manufacturing / MRO	5,376	3.8	36,019	24.1	30,643	570.0
Total revenues	141,924	100.0	149,622	100.0	7,698	5.4
Cost of revenues:						
Aerial Services	96,750	70.9	76,855	67.7	(19,895)	(20.6)
Manufacturing / MRO	5,019	93.4	21,272	59.1	16,253	323.8
Total cost of revenues	101,769	71.7	98,127	65.6	(3,642)	(3.6)
Gross profit						
Aerial Services	39,798	29.1	36,748	32.3	(3,050)	(7.7)
Manufacturing / MRO	357	6.6	14,747	40.9	14,390	4,030.8
Total gross profit	40,155	28.3	51,495	34.4	11,340	28.2
Operating expenses:						
General and administrative	14,010	9.9	14,877	9.9	867	6.2
Research and development	7,024	4.9	6,889	4.6	(135)	(1.9)
Selling and marketing	1,984	1.4	5,115	3.4	3,131	157.8
Total operating expenses	23,018	16.2	26,881	18.0	3,863	16.8
Income from operations	17,137	12.1	24,614	16.5	7,477	43.6
Other income (expense), net:						
Interest income	305	0.2	157	0.1	(148)	(48.5)
Interest expense	(7,070)	(5.0)	(6,163)	(4.1)	907	(12.8)
Other income (expense), net	5,962	4.2	(987)	(0.7)	(6,949)	(116.6)
Total other income (expense)	(803)	(0.6)	(6,993)	(4.7)	(6,190)	770.9
Net income (loss) before income taxes and noncontrolling interest	16,334	11.5	17,621	11.8	1,287	7.9
Income tax expense (benefit)	6,000	4.2	5,330	3.6	(670)	(11.2)
Net income (loss)	10,334	7.3	12,291	8.2	1,957	18.9
Less: Net (income) loss related to noncontrolling interest	(230)	(0.2)	(239)	(0.2)	(9)	3.9
Net income (loss) attributable to Erickson Air-Crane Incorporated	10,104	7.1	12,052	8.1	1,948	19.3
Dividends on Series A redeemable preferred stock	5,877	4.1	6,806	4.5	929	15.8
Net income (loss) attributable to common stockholders	$ 4,227	3.0	$ 5,246	3.5	$ 1,019	24.1

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Revenues

Consolidated revenue increased by $7.7 million, or 5.4%, to $149.6 million in 2009 from $141.9 million in 2008.

(Dollars in thousands)	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 136,548	96.2	$ 113,603	75.9	$ (22,945)	(16.8)
Manufacturing / MRO	5,376	3.8	36,019	24.1	30,643	570.0
Total revenues	$ 141,924	100.0	$ 149,622	100.0	$ 7,698	5.4

Aerial Services revenue decreased by $22.9 million, or 16.8%, to $113.6 million in 2009 from $136.5 million in 2008. Revenue flight hours for Aerial Services during 2009 decreased 15.1% to 8,132 from 9,583 in 2008.

The following are our revenue and revenue flight hours by type of service for the years ended December 31, 2009 and 2008:

(Dollars in thousands)	Year Ended December 31, 2008	Year Ended December 31, 2009	Change	% Change
Aerial Services Revenue:				
Firefighting	$ 82,454	$ 74,802	$ (7,652)	(9.3)
Timber Harvesting	40,233	23,624	(16,609)	(41.3)
Infrastructure Construction	8,493	7,494	(999)	(11.8)
Crewing	5,368	7,683	2,315	43.1
Total Aerial Services revenue	$ 136,548	$ 113,603	$ (22,945)	(16.8)

	Year Ended December 31, 2008	Year Ended December 31, 2009	Change	% Change
Aerial Services Revenue Flight Hours:				
Firefighting	3,309	3,332	23	0.7
Timber Harvesting	5,260	3,611	(1,649)	(31.3)
Infrastructure Construction	549	406	(143)	(26.0)
Crewing	465	783	318	68.4
Total Aerial Services revenue flight hours	9,583	8,132	(1,451)	(15.1)

Firefighting revenue decreased by $7.7 million, or 9.3%, to $74.8 million in 2009 from $82.5 million in 2008. This decrease was primarily due to the expiration and renegotiation of a multi-year European firefighting contract, which resulted in delayed contract start dates in 2009. As part of the renegotiation, this contract was transitioned in part from an Aerial Services contract to a Manufacturing / MRO contract, which also impacted the firefighting revenues in this period. Firefighting in both Canada and Australia experienced active fire seasons, which partially offset a decrease in European firefighting.

Timber Harvesting revenue decreased by $16.6 million, or 41.3%, to $23.6 million in 2009 from $40.2 million in 2008. This decrease was primarily due to a worldwide timber harvesting decline and global economic downturn.

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Infrastructure Construction revenue decreased by $1.0 million, or 11.8%, to $7.5 million in 2009 from $8.5 million in 2008. This decrease was primarily due to the global economic downturn.

Crewing revenue increased by $2.3 million, or 43.1%, to $7.7 million in 2009 from $5.4 million in 2008. The increase was due to the shift in the contract structure with a significant European customer.

Manufacturing / MRO. Manufacturing / MRO revenue increased by $30.6 million to $36.0 million in 2009 from $5.4 million in 2008. The sale of an aircraft contributed the majority of the increase. Additionally, as described above, our CPH business increased due to a partial transition from an Aerial Services contract to a Manufacturing / MRO contract with a significant European customer.

Gross Profit

Consolidated gross profit increased by $11.3 million, or 28.2%, to $51.5 million in 2009 from $40.2 million in 2008.

(Dollars in thousands)	Year Ended December 31, 2008	% of Related Revenues	Year Ended December 31, 2009	% of Related Revenues	Change	% Change
Gross profit						
Aerial Services	$ 39,798	29.1	$ 36,748	32.3	$ (3,050)	(7.7)
Manufacturing / MRO	357	6.6	14,747	40.9	14,390	4,030.8
Total gross profit	$ 40,155	28.3	$ 51,495	34.4	$ 11,340	28.2

Aerial Services. Aerial Services gross profit decreased by $3.1 million, or 7.7%, to $36.7 million in 2009 from $39.8 million in 2008. Gross profit margin was 32.3% in 2009 compared to 29.1% in 2008. The revenue decrease of $22.9 million from 2008 to 2009 was the primary driver of the gross profit decline. The decrease in gross profit resulting from the revenue decline was partially offset by improved margins on our firefighting and timber harvesting contracts due to favorable pricing and contract terms, and lower costs due to spending controls implemented in 2009. Also offsetting the revenue decrease impact was lower overall spending to align with the change in revenues.

Manufacturing / MRO. Manufacturing / MRO gross profit increased by $14.4 million to $14.7 million in 2009 from $0.4 million in 2008. Gross profit margin was 40.9% in 2009 compared to 6.6% in 2008. The increase was primarily due to the sale of an aircraft, the addition of a CPH contract, and improved plant efficiencies.

Operating Expenses

(Dollars in thousands)	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	% Change
Operating expenses:						
General and administrative	$ 14,010	9.9	$ 14,877	9.9	$ 867	6.2
Research and development	7,024	4.9	6,889	4.6	(135)	(1.9)
Selling and marketing	1,984	1.4	5,115	3.4	3,131	157.8
Total operating expenses	23,018	16.2	26,881	18.0	3,863	16.8
Income from operations	$ 17,137	12.1	$ 24,614	16.5	$ 7,477	43.6

Operating expenses, which include general and administrative, research and development, and selling and marketing increased by $3.9 million, or 16.8%, to $26.9 million in 2009 from $23.0 million in 2008. The increase was primarily due to an overall investment in our sales and marketing and finance functions, including the addition of key personnel.

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Other Income (Expense), Net

(Dollars in thousands)	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	% Change
Other income (expense), net:						
Interest income	$ 305	0.2	$ 157	0.1	$ (148)	(48.5)
Interest expense	(7,070)	(5.0)	(6,163)	(4.1)	907	(12.8)
Other income (expense), net	5,962	4.2	(987)	(0.7)	(6,949)	(116.6)
Total other income (expense)	(803)	(0.6)	(6,993)	(4.7)	(6,190)	770.9
Net income (loss) before income taxes and noncontrolling interest	$ 16,334	11.5	$ 17,621	11.8	$ 1,287	7.9

Other income (expense), net increased by $6.2 million to $7.0 million of expense in 2009 from $0.8 million of expense in 2008. Interest expense decreased by $0.9 million to $6.2 million in 2009 from $7.1 million in 2008. Other income (expense), net is comprised of the following for 2009 and 2008:

(In thousands)	Year Ended December 31, 2008	Year Ended December 31, 2009	Change
Other income (expense), net:			
Gain on involuntary conversions	$ 4,342	$	$ (4,342)
Unrealized foreign exchange gain (loss)	1,071	(992)	(2,063)
Realized foreign exchange gain (loss)		371	371
Gain (loss) on disposal of equipment	257	349	92
Amortization of debt issuance costs	(805)	(975)	(170)
Accrued interest related to tax contingencies	(680)	(500)	180
Other income (expense), net	1,777	760	(1,017)
Total other income (expense), net	$ 5,962	$ (987)	$ (6,949)

Other income (expense), net includes amortization of debt issuance costs of $0.8 million in 2008 and $1.0 million in 2009, interest expense of $0.7 million in 2008 and $0.5 million in 2009 related to amounts accrued for tax uncertainties, interest related to tax contingencies, and foreign exchange gains and losses. In 2008, these items were offset by a $4.3 million net gain from an involuntary conversion related to an aircraft accident in Italy and unrealized foreign gains on foreign exchange contracts of $1.1 million due to the strengthening of the Euro.

Income Tax Expense

(Dollars in thousands)	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	% Change
Net income (loss) before income taxes and noncontrolling interest	$ 16,334	11.5	$ 17,621	11.8	$ 1,287	7.9
Income tax expense (benefit)	6,000	4.2	5,330	3.6	(670)	(11.2)
Net income (loss)	$ 10,334	7.3	$ 12,291	8.2	$ 1,957	18.9

Income tax expense decreased by $0.7 million, or 11.2%, to $5.3 million in 2009 from $6.0 million in 2008. The effective tax rate in 2009 was 30.3% compared to 36.7% in 2008.

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Net Income Attributable to Erickson Air-Crane Incorporated

(Dollars in thousands)	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	% Change
Net (income) loss related to noncontrolling interest	$ (230)	(0.2)	$ (239)	(0.2)	$ (9)	3.9
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 10,104	7.1	$ 12,052	8.1	$ 1,948	19.3
Dividends on series A redeemable preferred stock	5,877	4.1	6,806	4.5	929	15.8
Net income (loss) attributable to common stockholders	$ 4,227	3.0	$ 5,246	3.5	$ 1,019	24.1

Net income attributable to Erickson Air-Crane Incorporated increased by $1.9 million, or 19.3%, to $12.1 million in 2009 from $10.1 million in 2008. Net income (loss) attributable to common stockholders increased by $1.0 million, or 24.1%, to $5.2 million in 2009 from $4.2 million in 2008 after accounting for accrued dividends on our Series A Redeemable Preferred Stock.

Liquidity and Capital Resources

We believe that our cash flows from operations, together with cash on hand and the availability of our credit facilities, provide us with the ability to fund our operations, make planned capital expenditures, and make scheduled debt service payments for at least the next 12 months. However, such cash flows are dependent upon our future operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business, and other factors, including the conditions of our markets, some of which are beyond our control. Specifically, we have a concentration of large customers, several of which are U.S. and foreign government agencies or entities, and our cash flows depend on being able to collect our receivables from them. See "Risk Factors We depend on a small number of large customers for a significant portion of our revenues." If, in the future, we cannot generate sufficient cash from operations to meet our debt service obligations, we will need to refinance such debt obligations, obtain additional financing, or sell assets. We cannot assure you that our business will generate cash from operations, or that we will be able to obtain financing from other sources, sufficient to satisfy our debt service or other requirements.

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Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010

The following chart is a condensed presentation of our statement of cash flows for the nine months ended September 30, 2011 and 2010 (in thousands):

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Change
Net cash provided by (used in) operating activities	$ (6,982)	$ (14,416)	$ (7,434)
Net cash provided by (used in) investing activities	(3,125)	(12,105)	(8,980)
Net cash provided by (used in) financing activities	6,291	28,216	21,925
Foreign-currency effect on cash and cash equivalents	2,042	(567)	(2,609)
Net increase (decrease) in cash and cash equivalents	(1,774)	1,128	2,902
Cash and cash equivalents at beginning of period	3,536	1,928	(1,608)
Cash and cash equivalents at the end of period	$ 1,762	$ 3,056	$ 1,294

Sources and Uses of Cash

At September 30, 2011, we had cash and cash equivalents of $3.1 million compared to $1.9 million at December 31, 2010. At September 30, 2011, we had restricted cash of $5.4 million compared to $4.3 million at December 31, 2010. Our cash and cash equivalents are intended to be used for working capital, capital expenditures, and debt repayments. Our restricted cash includes cash to secure certain performance and bid bonds on certain contracts.

Net cash provided by (used in) operating activities. For the nine months ended September 30, 2011, net cash provided by operating activities before the change in operating assets and liabilities was $21.5 million, which includes net income of $7.9 million and non-cash adjustments reconciling net income to net cash provided by operating activities of $13.6 million (depreciation of $5.6 million and amortization of debt issuance costs of $0.6 million coupled with an increase in deferred income taxes of $7.4 million). The change in operating assets and liabilities was a $35.9 million use consisting of the following: a $22.2 million increase in Aircranes and support parts (primarily attributable to the in-process build of aircraft), a $2.6 million increase in prepaid expenses and other assets, a $7.1 million increase in accounts receivable (primarily attributable to a receivable related to our Greece contract), a $2.8 million decrease in other long-term liabilities, a $1.6 million decrease in accrued and other current liabilities, and a $0.1 million decrease in income taxes payable, partially offset by a $0.5 million increase in accounts payable.

For the nine months ended September 30, 2010, net cash provided by operating activities before the change in operating assets and liabilities was $4.6 million, which includes net income of $2.3 million and non-cash adjustments reconciling net income to net cash used in operating activities of $2.3 million (depreciation of $3.5 million, amortization and write-off of debt issuance costs of $2.3 million, and an increase in deferred income taxes of $2.8 million, partially offset by a gain on involuntary conversion related to an aircraft accident of $6.3 million after accounting for insurance proceeds). The change in operating assets and liabilities was an $11.6 million use consisting of the following: a $25.0 million increase in Aircranes and support parts (primarily attributable to the in-process build of aircraft), a $4.2 million increase in prepaid expenses and other assets, and a $1.7 million decrease in income taxes payable, partially offset by a $9.3 million decrease in accounts receivable (primarily attributable to the collection of a receivable of our 2009 aircraft sale), an $8.1 million increase in other long-term liabilities (primarily attributable to a customer prepayment under a CPH contract), a $1.2 million increase in accrued and other current liabilities, and $0.7 million increase in accounts payable.

Net cash provided by (used in) investing activities. Net cash used in investing activities was $12.1 million for the nine months ended September 30, 2011 compared to net cash used in investing activities of

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$3.1 million for the nine months ended September 30, 2010. In the nine months ended September 30, 2011, we used net cash of $10.4 million for heavy maintenance on our fleet, implementing a new enterprise resource planning system ("ERP") system, as well as routine capital expenditures. In the nine months ended September 30, 2010, we used net cash of $3.6 million for routine capital expenditures.

Net cash provided by (used in) financing activities. Net cash provided by financing activities was $28.2 million for the nine months ended September 30, 2011 compared to $6.3 million for the nine months ended September 30, 2010. In the nine months ended September 30, 2011, net cash provided by financing activities of $29.0 million was from net borrowings of long-term debt and we used cash of $0.8 million for debt issuance costs related to our credit facility refinancing. In the nine months ended September 30, 2010, net cash provided by financing activities of $7.7 million was from net borrowings of long-term debt and we used cash of $1.4 million for debt issuance costs related to our credit facility refinancing.

2010 Compared to 2009

The following chart is a condensed presentation of our statement of cash flows for the years ended December 31, 2010 and 2009 (in thousands):

	Year Ended December 31, 2009	Year Ended December 31, 2010	Change
Net cash provided by (used in) operating activities	$ 9,900	$ (8,430)	$ (18,330)
Net cash provided by (used in) investing activities	(2,667)	(5,017)	(2,350)
Net cash provided by (used in) financing activities	(5,662)	11,057	16,719
Foreign-currency effect on cash and cash equivalents	(338)	782	1,120
Net increase (decrease) in cash and cash equivalents	1,233	(1,608)	(2,841)
Cash and cash equivalents at beginning of period	2,303	3,536	1,233
Cash and cash equivalents at the end of period	$ 3,536	$ 1,928	$ (1,608)

Sources and Uses of Cash

At December 31, 2010, cash and cash equivalents was $1.9 million compared to $3.5 million at December 31, 2009. At December 31, 2010, we had restricted cash of $4.3 million compared to $5.0 million at December 31, 2009.

Net cash provided by (used in) operating activities. For the year ended December 31, 2010, net cash used in operating activities before the change in operating assets and liabilities was $10.5 million, which includes a net loss of $8.0 million and non-cash adjustments reconciling net income to net cash used in operating activities of $2.5 million (gain on involuntary conversion related to an aircraft accident of $6.3 million after accounting for insurance proceeds, coupled with a net decrease in deferred income taxes of $3.5 million, partially offset by depreciation of $4.7 million, and amortization and write-off of debt issuance costs of $2.5 million). The change in operating assets and liabilities was a $2.1 million source consisting of the following: a $15.2 million decrease in accounts receivable (primarily attributable to the collection of a receivable of our 2009 aircraft sale), a $8.4 million increase in other long-term liabilities (primarily attributable to a customer prepayment under a CPH contract), a $11.1 million increase in accrued warranty and other current liabilities (primarily attributable to the accrual of a legal settlement), and a $0.8 million increase in accounts payable, partially offset by a $26.7 million increase in Aircranes and support parts (primarily attributable to the in-process build of aircraft for sale), a $4.2 million increase in prepaid expenses and other assets, and a $2.5 million decrease in income taxes payable.

For the year ended December 31, 2009, net cash provided by operating activities before the change in operating assets and liabilities was $20.6 million, which includes net income of $12.3 million and non-cash

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adjustments reconciling net income to net cash used in operating activities of $8.3 million (depreciation of $4.4 million, coupled with a net increase in deferred income taxes of $3.4 million, amortization of debt issuance costs of $1.0 million, partially offset by a gain on disposal of equipment of $0.3 million). The change in operating assets and liabilities was a $10.7 million use consisting of the following: a $9.6 million increase in Aircranes and support parts, including the in-process build of aircraft, a $4.9 million increase in accounts receivable (primarily attributable to the sale of an aircraft in December 2009), and a $2.3 million decrease in accrued warranty and other current liabilities, partially offset by a $4.6 million increase in income taxes payable and a $1.5 million decrease in prepaid expenses.

Net cash provided by (used in) investing activities. Net cash used in investing activities was $5.0 million for the year ended December 31, 2010 compared to net cash used in investing activities of $2.7 million for the year ended December 31, 2009. In the year ended December 31, 2010, we used net cash of $14.6 million for capital expenditures, including the addition of an aircraft to our fleet, and received $9.5 million in insurance proceeds from involuntary conversions. In the year ended December 31, 2009, we used net cash of $2.3 million for routine capital expenditures.

Net cash provided by (used in) financing activities. Net cash provided by financing activities was $11.1 million for the year ended December 31, 2010 compared to net cash used in financing activities of $5.7 million for the year ended December 31, 2009. In the year ended December 31, 2010, net cash provided by financing activities of $12.5 million was from net borrowings of long-term debt and we used net cash of $1.4 million for debt issuance costs related to our credit facility refinancing. In the year ended December 31, 2009, cash used in financing activities of $5.7 million was from net borrowings under our revolving credit facility.

2009 Compared to 2008

The following chart is a condensed presentation of our statement of cash flows for the years ended December 31, 2009 and 2008 (in thousands):

	Year Ended December 31, 2008	Year Ended December 31, 2009	Change
Net cash provided by (used in) operating activities	$ (8,717)	$ 9,900	$ 18,617
Net cash provided by (used in) investing activities	546	(2,667)	(3,213)
Net cash provided by (used in) financing activities	2,111	(5,662)	(7,773)
Foreign-currency effect on cash and cash equivalents	(1,312)	(338)	974
Net increase (decrease) in cash and cash equivalents	(7,372)	1,233	8,605
Cash and cash equivalents at beginning of period	9,675	2,303	(7,372)
Cash and cash equivalents at the end of period	$ 2,303	$ 3,536	$ 1,233

Sources and Uses of Cash

At December 31, 2009, cash and cash equivalents was $3.5 million compared to $2.3 million at December 31, 2008. At December 31, 2009, we had restricted cash of $5.0 million compared to $4.9 million at December 31, 2008.

Net cash provided by (used in) operating activities. For the year ended December 31, 2009, net cash provided by operating activities before the change in operating assets and liabilities was $20.6 million, which includes net income of $12.3 million and non-cash adjustments reconciling net income to net cash used in operating activities of $8.3 million (depreciation of $4.4 million, a net increase in deferred income taxes of $3.4 million, and amortization of debt issuance costs of $1.0 million, partially offset by a gain on disposal of equipment of $0.3 million). The change in operating assets and liabilities was a $10.7 million

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use consisting of the following: a $9.6 million increase in Aircranes and support parts, a $4.9 million increase in accounts receivable (primarily attributable to the sale of an aircraft in December 2009), and a $2.3 million decrease in accrued warranty and other current liabilities, partially offset by a $4.6 million increase in income taxes payable and a $1.5 million decrease in prepaid expenses.

For the year ended December 31, 2008, net cash provided by operating activities before the change in operating assets and liabilities was $17.6 million, which includes net income of $10.3 million and non-cash adjustments reconciling net income to net cash provided by operating activities of $7.3 million (a net increase in deferred income taxes of $7.2 million, depreciation of $3.9 million, and amortization of debt issuance costs of $0.8 million, partially offset by a $4.3 million net gain related to an aircraft loss in Italy and a gain on disposal of equipment of $0.3 million). The change in operating assets and liabilities was a $26.3 million use consisting of the following: a $15.7 million increase in net purchase of Aircrane support parts (primarily driven by lighter than expected Aerial Services activity), a $10.7 million decrease in accrued warranty and other liabilities (primarily attributable to cash used in the settlement of a 2007 lawsuit), and a $5.1 million increase in Aircranes held for sale due to work in process builds of aircraft, partially offset by other amounts including a $5.2 million decrease in accounts receivable.

Net cash provided by (used in) investing activities. Net cash used in investing activities was $2.7 million for the year ended December 31, 2009 compared to net cash provided by investing activities of $0.5 million for the year ended December 31, 2008. The use of cash in 2009 was primarily due to routine capital expenditures. During 2008, we used cash for routine capital expenditures, capital upgrades to several Aircranes in our fleet, and the posting of restricted cash for a performance bond on a contract in Europe, partially offset by insurance proceeds related to the loss of an aircraft.

Net cash provided by (used in) financing activities. Net cash used in financing activities was $5.7 million for the year ended December 31, 2009 compared to net cash provided by financing activities of $2.1 million for the year ended December 31, 2008. The use of cash in 2009 was primarily due to reductions in long-term debt of $5.4 million. Cash provided by financing activities in 2008 was primarily due to net borrowings of $7.5 million from our revolving credit facility, partially offset by reductions in long-term debt of $5.4 million.

Description of Indebtedness

The following summary of certain provisions of the instruments evidencing our material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the corresponding agreements, including the definitions of certain terms therein that are not otherwise defined in this prospectus.

Senior Credit Facilities

At the end of June, 2010, we entered into a Credit Agreement with a bank syndicate led by Wells Fargo Bank, National Association ("Wells Fargo"), which consists of up to $132.5 million of senior secured credit facilities, including a $65.0 million term loan facility and a revolving credit facility of up to $67.5 million. The $67.5 million revolving credit facility has a $30.0 million sublimit to be used for issuance of letters of credit and a $10.0 million sublimit for swingline loans. Subject to the terms of the Credit Agreement, including lender approval, we may request an increase in the senior credit facility of up to $50.0 million. A request for an increase must be in a minimum amount of $10.0 million and we may request an increase no more than three times during the term of the senior credit facilities.

The commitment under the senior credit facilities is shared between Wells Fargo (60.4%), KeyBank (13.2%), Bank of the West (13.2%), Bank of America (7.5%), and Union Bank of California (5.7%).

The interest rate on the senior credit facilities is calculated based on LIBOR or a base rate, in each case as defined in the Credit Agreement. The base rate is the higher of the Federal Funds rate plus 150 basis points, the prime rate as quoted by Wells Fargo, or LIBOR plus 150 basis points. The interest rate is calculated as LIBOR or base rate plus a LIBOR margin or base rate margin, respectively. Margin rates are tied to our total senior debt leverage covenant ("Funded Indebtedness to Bank EBITDA") per our Credit Agreement. LIBOR margin ranges between 2.75% and 5.00% and base rate margin ranges between 1.75% and 4.00%. We pay a quarterly unused commitment fee between 0.375% and 0.625% and fees between 2.75% and 5.00% on outstanding letters of credit, both of which fees are determined based on the level of the Funded Indebtedness to Bank EBITDA ratio.

We amended the Credit Agreement effective December 31, 2010. An initial amendment removed the requirement to comply with existing financial covenants as of December 31, 2010, added a net income covenant calculation for fiscal 2010, and adjusted certain amounts related to the determination of Bank EBITDA and tangible net worth. In addition, the interest rate matrix was modified to add an additional pricing tier. Subsequent amendments waived our non-compliance with certain requirements and financial covenants under the Credit Agreement for both the fourth quarter of 2010 and the first quarter of 2011, and modified the financial covenants for future periods. These amendments modified the interest rate matrix and adjusted our financial reporting requirements. In connection with these amendments we issued new unsecured subordinated promissory notes in the amount of $10.0 million to ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P., which were funded on June 30, 2011. Absent these amendments, we would not have been in compliance with the covenants in the Credit Agreement at December 31, 2010 and March 31, 2011. We were in compliance with its Credit Agreement covenants at June 30, 2011 and September 30, 2011.

The senior credit facilities contain several affirmative and negative covenants customary for similar senior credit facilities, including the following financial covenants: a leverage ratio test based on maximum Funded Indebtedness (excluding subordinated debt) to Bank EBITDA, a minimum fixed charge coverage ratio and a minimum tangible net worth test. In addition, if at any time the amount outstanding under our senior credit facilities exceeds the most recent Asset Coverage Amount (as defined in our Credit Agreement), we have to prepay the amount of such excess. Under the senior credit facilities we have affirmative covenants to, among other things, deliver certain financial statements, notices, and certificates to our lenders and maintain certain insurance policies. The negative covenants include limitations on indebtedness, liens, acquisitions, mergers and dispositions, investments, fundamental changes, certain lease transactions, restricted payments, transactions with affiliates, agreements that burden our subsidiaries, and capital expenditures.

We were in compliance with our debt covenants at September 30, 2011. The maximum leverage ratio under our senior credit facilities was 5.50:1 for the fiscal quarter ended September 30, 2011. Our actual maximum leverage ratio was 2.86 at September 30, 2011. We are required to reduce our maximum leverage ratio to a maximum of 3.50 to 1.00 at December 31, 2011. The minimum fixed charge coverage ratio at September 30, 2011 under our senior credit facilities was 1.40 to 1.0. Our calculated minimum fixed charge coverage ratio was 2.54 to 1.0 at September 30, 2011. The minimum fixed charge coverage ratio will increase to 2.00 to 1.0 at December 31, 2011. The minimum net income under our senior credit facilities was $1.00 for the nine months ending September 30, 2011. Our net income for the nine months ended September 30, 2011 was $7.3 million. The minimum net income will remain at $1.00 for the year ended December 31, 2011. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition."

The senior credit facilities are secured by a security interest in our real and personal property and interests in property and proceeds thereof, including, but not limited to, intangible assets, the type certificates and supplemental type certificates for our aircraft.

The Credit Agreement allows borrowings up to $67.5 million under the revolving credit facility, which terminates on June 24, 2013. The weighted average interest rate for borrowings under the revolving credit facility for the nine months ended September 30, 2011 and 2010 was 5.88% and 3.81%, respectively. The outstanding balance under the revolving credit facility at September 30, 2011 and December 31, 2010, excluding letters of credit, was $45.6 million and $22.8 million, respectively. These amounts were classified as long-term debt based on the maturity date of the respective credit agreements. The borrowing rate at September 30, 2011 and December 31, 2010 was 3.90% and 3.86%, respectively. We had approximately $0.1 million and $7.8 million outstanding standby letters of credit issued as of September 30, 2011 and December 31, 2010, respectively.

Due to the seasonality of our business, the amount outstanding under our revolving credit facility during the fiscal year varies significantly. During the nine months ended September 30, 2011 and the fiscal years ended December 31, 2010 and December 31, 2009, the outstanding balance on our existing and prior revolving credit facility, excluding letters of credit, ranged from $22.7 million to $61.6 million, $0.3 million to $33.7 million, and $0.5 million to $27.2 million, respectively. The outstanding balance on our revolving credit facility, excluding letters of credit of $0.1 million, was $45.6 million as of September 30, 2011. At September 30, 2011, we had a maximum availability for borrowings under our revolving credit facility, including letters of credit, of approximately $21.8 million.

The Credit Agreement allows borrowings of up to $65.0 million under the term loan facility. On June 30, 2010, we borrowed $65.0 million and used the proceeds to pay off existing debt. We are required to pay $1.625 million per quarter for principal, plus accrued interest, until maturity, at which time the remaining principal balance of $45.5 million, plus accrued interest, is due. The term loan matures on June 24, 2013. The weighted average interest rate for the term loan borrowings for the nine months ended September 30, 2011 and 2010 was 5.20% and 3.2%, respectively. At September 30, 2011 and December 31, 2010 the outstanding balance under the term loan facility was $56.9 million and $61.8 million, respectively. The borrowing rate at September 30, 2011 and December 31, 2010 was 3.82% and 3.50%, respectively.

On June 30, 2010 we expensed deferred loan costs and termination fees relating to the old debt in the amount of $2.3 million and capitalized loan costs relating to the new credit facilities in the amount of $1.7 million. On June 30, 2011 we paid $0.4 million in amendment fees in conjunction with the amendment of our credit agreement and the fees associated with obtaining the establishment of the Working Capital Guarantee Credit Agreement. Such loan costs will be amortized to amortization of debt issuance costs over the term of such credit agreements.

We intend to use a portion of the proceeds from this offering to pay down indebtedness under our revolving credit facility, which will, in our view, provide us with greater certainty in terms of meeting our debt covenant obligations on an ongoing basis.

Working Capital Guarantee Credit Agreement

On June 30, 2011, in connection with an amendment to the Credit Agreement, we obtained a separate credit facility with Wells Fargo of up to $10.0 million, pursuant to which Wells Fargo issues standby letters of credit to certain of our non-domestic customers for the purpose of assuring our performance of our obligations to such customers. The standby letters of credit are collateralized by the proceeds of unsecured subordinated promissory notes we issued to ZM Private Equity Fund I, L.P. in the initial principal amount of $700,000 and to ZM Private Equity Fund II, L.P. in the initial principal amount of $300,000. See " Subordinated Notes" below. The $1.0 million is included in restricted cash. As of September 30, 2011 we had $7.9 million in outstanding letters of credit under this credit facility, and the largest amount we had outstanding during the nine months ended September 30, 2011 was $7.9 million.

Subordinated Notes

On June 30, 2010, in connection with our entry into the Credit Agreement and our refinancing of existing indebtedness outstanding at that time, we issued $8.5 million of unsecured subordinated promissory notes to ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. Such notes mature on June 30, 2015.

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On June 30, 2011, in connection with amendments to the Credit Agreement, we borrowed an additional $10.0 million through the issuance of unsecured subordinated promissory notes to ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. Such notes mature on June 30, 2016.

In addition, in connection with the Working Capital Guarantee Credit Agreement discussed above, we borrowed $1.0 million on June 30, 2011 through the issuance of unsecured subordinated promissory notes to ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. Such notes mature on June 30, 2016.

Interest on all of the foregoing unsecured subordinated promissory notes accrues at a rate of 20.0% per year. Interest is payable quarterly in arrears and is payable in kind by increasing the principal amount of the note. No periodic payment of principal or interest in cash is required. We have the right to prepay all or any portion of the notes at any time prior to maturity without any prepayment premium or penalty.

The aggregate balance of our unsecured subordinated promissory notes was $19.5 million and $8.5 million at September 30, 2011 and December 31, 2010, respectively. The weighted average interest rate for the nine months ended September 30, 2011 and 2010 was 20.0% and 12.18% respectively.

Bank EBITDA

We use an adjusted EBITDA ("Bank EBITDA") to monitor compliance with various financial covenants under our Credit Agreement. In addition to adjusting net income (loss) to exclude interest expense, net, provision for (benefit from) income taxes, and depreciation and amortization, Bank EBITDA also adjusts net income by excluding non-cash mark-to-market foreign exchange gains (losses), specified litigation expenses up to a maximum of $2.0 million for any 12-month period, certain management fees, gains from sale of equipment, non-cash charges arising from awards to employees relating to equity interests, non-cash charges relating to financings, initial public offering-related non-capitalized expenses up to a maximum of $2.0 million, certain fourth quarter of 2010 charges up to $11.6 million and other unusual, extraordinary, non-recurring non-cash costs. For each calculation of Bank EBITDA made as of the end of the quarters ending June, September, and December, 2011 and March, 2012, Bank EBITDA also includes an amount equal to the $10.0 million in new unsecured subordinated promissory notes dated June 30, 2011 and any additional subordinated debt issued in connection with an equity cure under the Credit Agreement. Such amounts have been excluded from the table below for presentation purposes. Bank EBITDA also assists us in monitoring our ability to undertake key investing and financing functions such as making investments and incurring additional indebtedness, which may be prohibited by the covenants under the Credit Agreement unless we meet certain financial ratios and tests.

Bank EBITDA is a supplemental measure of our performance that is not required by or presented in accordance with generally accepted accounting principles in the United States ("GAAP"). Bank EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an

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alternative to revenue, net income (loss), cash flow, or any other performance measure derived in accordance with GAAP. A reconciliation of net income to EBITDA to Bank EBITDA is provided below.

(In thousands)	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Bank EBITDA Reconciliation:					
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 10,104	$ 12,052	$ (8,251)	$ 1,984	$ 7,294
Interest expense, net	6,765	6,006	4,865	3,391	6,556
Tax expense (benefit)	6,000	5,330	(3,544)	3,360	6,596
Depreciation	3,863	4,378	4,745	3,462	5,601
Amortization of debt issuance costs	805	976	703	552	553
EBITDA	$ 27,537	$ 28,742	$ (1,482)	$ 12,749	$ 26,600
Non-cash unrealized mark-to-market foreign exchange gains (losses)	(1,071)	992	905	82	(1,461)
Interest related to tax contingencies	680	500	495	371	270
Management fees[1]	500	500	165	165	
Loss on early extinguishment of debt			2,265	2,265	
Litigation expense		1,430	2,000	1,360	1,360
Legal settlements and other			11,600		
Other (gains) losses	(4,598)[2]	(668)	(4,089)[3]	(4,177)[3]	(5)
Bank EBITDA	$ 23,048	$ 31,496	$ 11,859	$ 12,815	$ 26,764[4]

(1) Fees paid to a previous stockholder pursuant to a management agreement that terminated in 2010.

(2) Includes a $4.3 million net adjustment related to an Aircrane accident in 2008.

(3) Includes a $4.2 million net adjustment related to an Aircrane accident in 2010.

(4) As part of the amendments to the Credit Agreement on June 30, 2011, the new unsecured subordinated promissory notes are included, with limitation, as an addition to Bank EBITDA. Such amounts have been excluded from this table for presentation purposes.

Restricted Cash

We maintain restricted cash at financial institutions as collateral for performance bonds for certain contracts. At December 31, 2010 and September 30, 2011, the amount of such restricted cash was $4.3 million and $5.4 million, respectively.

Contractual Obligations

As of December 31, 2010, we had $93.0 million of long-term debt (including current maturities), excluding letters of credit. This amount consisted of the term loan debt of $61.8 million and the revolving credit facility debt of $22.8 million under the Credit Agreement and the unsecured subordinated promissory notes of $8.5 million. As of September 30, 2011 we had $122.0 million of long-term debt (including current maturities), excluding letters of credit. This amount consisted of the term loan debt of $56.9 million and the revolving credit facility debt of $45.6 million under the Credit Agreement and unsecured subordinated promissory notes aggregating $19.5 million.

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The following table sets forth our long-term contractual cash obligations as of December 31, 2010 (in thousands):

	Payment Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual obligations[1]:					
Term debt	$ 61,750	$ 6,500	$ 55,250	$	$
Revolving credit facility	22,765		22,765		
Unsecured subordinated promissory notes	8,500		8,500		
Operating leases	1,623	476	567	192	388
Total contractual obligations	$ 94,638	$ 6,976	$ 87,082	$ 192	$ 388

(1) Amounts shown above do not include outstanding purchase orders as of December 31, 2010.

Our operating leases are described below in " Off-Balance Sheet Arrangements Operating Leases."

Off-Balance Sheet Arrangements

With the exception of operating leases, letters of credit, and an advance agreement with a foreign bank, we are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, or cash flows.

Operating Leases. We periodically lease certain premises on a short-term basis, and lease a minor amount of our facilities and certain other property under noncancelable operating lease agreements that expire on various dates through May 2032. Certain leases have renewal options.

Letters of Credit. To meet certain customer requirements, we issue letters of credit which are used as collateral for performance bonds, bid bonds, or advance customer payment on contracts. These instruments involve a degree of risk that is not recorded on our balance sheet. We had letters of credit with various expiration dates extending through 2013 valued at approximately $12.4 million outstanding at September 30, 2011, including $0.1 million outstanding under our revolving credit agreement, €5.8 million outstanding under our working capital guarantee credit agreement and €3.3 million outstanding under a performance bond issued by Banca Di Credito Cooperativo Di Cambiano that we have secured with €3.0 million restricted cash.

Advance Agreements with Foreign Banks. In order to provide short-term liquidity needs of our subsidiaries, we may allow those subsidiaries to enter into agreements with banks to obtain advances on key accounts receivable. At September 30, 2011, there were €1.4 million of advances outstanding under these types of arrangements.

Uncertainty in Income Taxes

As of September 30, 2011, a tax contingency of $0.6 million relating to 2007 transaction costs was reversed due to expiration of the statute of limitations in respect of the 2007 tax return. In addition, we anticipate reversing another $9.5 million of tax contingencies in the fourth quarter of 2011 relating to foreign tax credits utilized in 2005 and 2006. The IRS has completed its audit and the appeal of audit procedures and has advised our counsel that there will not be additional adjustments to those reported by us on our tax return and the matter has now been formally settled. See "Business Legal Proceedings IRS Claim." While we believe we have adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from our accrued positions as a result of uncertain and complex application of tax regulations. Additionally, the recognition and measurement of certain tax benefits includes estimates and judgment by management and inherently includes subjectivity. Accordingly, additional provisions on tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

Other Contingencies

In the ordinary conduct of our business, we are subject to periodic lawsuits, investigations, and claims. See "Business Legal Proceedings" in this prospectus for a description of significant legal proceedings in which we are currently involved. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations, and claims asserted against us, we do not believe that any currently pending legal proceeding to which we are a party, if determined adversely to us, will have a material adverse effect on our business, financial condition, results of operation, or cash flows.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect amounts reported in those statements. We have made our best estimates of certain amounts contained in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. However, application of our accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties, and, as a result, actual results could differ materially from these estimates. Management believes that the estimates, assumptions, and judgments involved in the accounting policies described below have the most significant impact on our consolidated financial statements.

We cannot predict what future laws and regulations might be passed that could have a material effect on our results of operations. We assess the impact of significant changes in laws and regulations on a regular basis and update the assumptions and estimates used to prepare our financial statements when we deem it necessary.

Revenue Recognition

We determine and recognize revenue based on the type of service we provide to customers.

Aerial Services. We enter into contracts with our customers that may range from one-day to multiple-years with extension options for additional years. We recognize revenue for contracts as the services are rendered, which services include leasing of the Aircrane(s), pilot and field maintenance support, and related services. We charge daily rates, hourly rates, and production rates (such as timber volume transported) depending on the type of lease or service. Revenues from timber harvesting operations in Canada, the U.S., and Malaysia may be based on estimates of the number of cubic meters of timber delivered to customers, which are adjusted after the logs are measured and scaled, or may be recorded based on the number of flight hours, depending on the terms of the contract.

Manufacturing / MRO. Long-Term Construction Contracts. We recognize revenue using the percentage of completion method for long-term construction contracts, including contracts for the sale of Aircranes, when all of the requirements under percentage of completion are met. We have historically, and in the periods presented in this prospectus, recognized revenues on Aircrane sales when the aircraft is delivered to a customer. Revenue on contracts using the percentage of completion method is recognized as work progresses toward completion and is determined by multiplying (a) the ratio of contract labor costs incurred in the measurement period to estimated total contract labor costs at completion, by (b) the total estimated contract revenue, and subtracting cumulative revenue recognized in prior measurement periods.

Aircranes are normally manufactured under long-term construction contracts. Changes in estimates affecting sales, costs and profits are recognized in the period in which the change becomes known using the cumulative catch-up method of accounting, resulting in the cumulative effect of changes reflected in the period. A significant change in an estimate on one or more contracts could have a material effect on our results of operations. For contracts with anticipated losses at completion, we establish a provision for the entire amount of the estimated remaining loss and charge it against income in the period in which the loss becomes known. Amounts representing performance incentives, penalties, contract claims or change orders are considered in estimating revenues, costs and profits when they can be reliably estimated and realization is considered probable.

Contracts for the sale of Aircranes may have multiple deliverables, and such elements are accounted for separately. To recognize revenue, such item(s) must have value to the customer on a standalone basis. The item(s) have a standalone basis if they are sold separately by any vendor or the customer can resell the delivered item(s) on a standalone basis. Additionally, there must be objective and reliable evidence of the fair value of the undelivered item(s). Historically, sales recognized represent the price negotiated with the customer, adjusted by any discounts. The contractual arrangements may be either firm fixed-price or cost-plus contracts, and have historically been with governmental and commercial customers.

Other products and services. We recognize revenue for other products and services when the products are delivered or services are performed. Sales to customers for maintenance, repair, overhaul, and/or assembly of various major components and other Aircrane parts are deferred until the repair work is completed and the customer accepts the final product. Spare parts sales are recognized at the time of delivery and customer acceptance of the spare parts. CPH contracts are accounted for on a long-term contract basis; revenues are recorded based upon negotiated hourly rates and applicable flight hours earned, and profitability of the contract is based upon estimated costs over the life of the contract.

Accounts Receivable

Accounts receivable is composed of billed amounts for which revenue has been earned and recognized. The allowance for doubtful accounts, an estimate of the amount of accounts receivable outstanding which we believe may be uncollectable, is determined quarterly, principally based on the aging of receivables. We review the current trends and aged receivables periodically and adjust the estimated bad debt expense to accrue for doubtful accounts as needed. An account is written off when deemed uncollectable, although collection efforts may continue.

Aircrane Support Parts

Aircrane support parts consist of Aircrane parts, overhauls of certain significant components, and work-in-process which are valued at the lower of cost or market utilizing the first-in first-out method. Costs capitalized for Aircrane support parts include materials, labor, and operating overhead. Overhauls on certain significant components are capitalized, and then amortized based on estimated flight hours between overhauls. All aircraft require daily routine repairs and maintenance based on inspections. Such maintenance costs are expensed as incurred. Periodically, Aircranes are removed from service and undergo

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heavy maintenance activities including inspections and repairs of the airframe and related parts as required. Such costs are expensed as incurred.

A significant part of our inventory consists of Aircrane parts and components purchased over multiple years for which there is no liquid market. Therefore, there is no guarantee that we will be able to purchase new inventory at the carrying values currently reflected on our balance sheets.

Aircrane parts are categorized as serviceable, which indicates that they are in a condition suitable for installing on an Aircrane, or repairable, which indicates that additional overhaul or repair work needs to be performed in order for the part to be certified as serviceable. Because we operate within a niche of the heavy-lift helicopter market, we experience long lead times and are required to carry large quantities of spare inventory in order to ensure availability of parts for servicing our fleet of Aircranes. As a result, the accounting judgments used in determining the provision for excess and obsolete Aircrane support parts can vary significantly based on forecasted demand.

Income Taxes

We account for income taxes in accordance with Accounting Standards Codification 740, formerly Financial Accounting Standards No. 109, "Accounting for Income Taxes," and FIN 48, "Accounting for Uncertainties in Income Taxes." We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. We are subject to income taxes in the U.S., state, and several foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain.

Reserves for taxes are established for taxes that may become payable in future years as a result of audits by tax authorities. These tax reserves are reviewed as circumstances warrant and adjusted as events occur that affect our potential liability for additional taxes, such as conclusion of tax audits, identification of new issues, changes in federal or state laws, or interpretations of the law.

Impairment and Depreciation of Long-Lived Assets

We record impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In such cases, the amount of the impairment is determined based on the relative fair values of the impaired assets. Significant judgments and estimates used by management when evaluating long-lived assets for impairment cover, among other things, the following:

- program product volumes and remaining production life for parts produced on the assets being reviewed;
- product pricing over the remaining life of the parts, including an estimate of future customer price reductions which may be negotiated;
- product cost information, including an assessment of the success of our cost reduction activities; and
- assessments of future alternative applications of specific long-lived assets based on awarded programs.

In addition, we follow our established accounting policy for estimating useful lives of long-lived assets. This policy is based upon significant judgments and estimates as well as historical experience. Actual future experience with those assets may indicate different useful lives resulting in a significant impact on depreciation expense.

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Warranty Reserves

Sales of Aircranes to third parties include limited warranty provisions that require us to remedy deficiencies in quality or performance of our products over a specified period of time, generally from two to five years depending on the type of part, component, or airframe, including technical assistance services. Warranty reserves are established at the time that revenue is recognized at levels that represent our estimate of the costs that will be incurred to fulfill those warranty requirements. Warranty reserves may be adjusted periodically to sustain levels representing the estimate of the costs to fulfill those warranty requirements over the remaining life of the warranty.

Recently Issued Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 3 to our unaudited condensed consolidated financial statements included in this prospectus.

Quantitative and Qualitative Disclosure Regarding Market Risk

We are exposed to market risk in the normal course of our business operations due to changes in interest rates, increase in cost of aircraft fuel, and our exposure to fluctuations in foreign currency exchange rates. We have established policies and procedures to govern our management of market risks.

Interest Rate Risk

At September 30, 2011, we had total indebtedness of $122.0 million (excluding $12.4 million of letters of credit). Our exposure to market risk from adverse changes in interest rates is primarily associated with our senior secured credit facilities and long-term debt obligations. Market risk associated with our long-term debt relates to the potential reduction in fair value and negative impact to future earnings, respectively, from an increase in interest rates. Under the Credit Agreement, our borrowings bear interest at fluctuating rates. The applicable interest rate is calculated based on either LIBOR or a base rate plus a margin depending on the level of the Funded Indebtedness to Bank EBITDA ratio as defined in the Credit Agreement. The rates applicable to outstanding borrowings fluctuate based on many factors including, but not limited to, general economic conditions and interest rates, including the LIBOR, Federal Funds, and prime rates, and the supply of and demand for credit in the London interbank market. We estimate that a hypothetical 10% change in the LIBOR or prime rate as quoted by Wells Fargo would have impacted interest expense for the year ended December 31, 2010 by $0.5 million.

Aircraft Fuel

Our results of operations are affected by changes in price and availability of aircraft fuel. Based on our 2011 fuel consumption, a 10% increase in the average price per gallon of fuel would increase fuel expense for 2011 by approximately $1.5 million. Many of our contracts allow for recovery of all or part of any fuel cost change through pricing adjustments. We do not currently purchase fuel under long-term contracts or enter into futures or swap contracts.

We are not exposed to material commodity price risks except with respect to the purchase of aircraft fuel.

Foreign Currency Exchange Rate Risk

A significant portion of our revenues are denominated in a currency other than the U.S. dollar. We are subject to exposures that arise from foreign currency movements between the date the foreign currency transactions are recorded and the date they are settled. Our exposure to foreign currency movements is somewhat mitigated through naturally offsetting asset and liability currency positions. We periodically enter into foreign currency hedging transactions to mitigate the risk of foreign currency movements and minimize the impact of exchange rate fluctuations on our profits. A hypothetical 10% decrease in the value of the foreign currencies in which our business is denominated relative to the U.S. dollar for the year ended December 31, 2010 would have resulted in an estimated pre-hedged $0.3 million decrease in our net income.

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THE COMMERCIAL HEAVY-LIFT HELICOPTER INDUSTRY

The heavy-lift helicopter is a highly specialized aircraft which typically has an external load capacity greater than 10,000 pounds. This large external load capacity, combined with the helicopter's maneuverability, provides a solution in situations where ground-based or fixed-wing lifting solutions are not optimal. Heavy-lift helicopters are essential in numerous commercial applications, including firefighting, timber harvesting, infrastructure construction, and emergency response.

The heavy-lift helicopter industry extends beyond the services and operations of the aircraft, and encompasses all manufacturing, after-market services, and crew training required to properly equip the aircraft to support the demands of government agencies and commercial customers.

History and Development of the Commercial Heavy-Lift Helicopter

Heavy-lift helicopters were first conceived in 1958, when the Sikorsky Aircraft Corporation designed and developed an aircraft capable of carrying heavy and irregular loads. After four years of development, the first S-64 model helicopter flight occurred in 1962. In 1965, Sikorsky worked with the U.S. Army to create the CH-54A Tarhe, a military aircraft similar to the S-64, and entered it into service in the Vietnam War. During the Vietnam War, the CH-54A earned recognition for its ability to transport 90-passenger pods, lift armored vehicles, recover aircraft, and relocate mobile hospitals and command posts for the U.S. Army's First Cavalry Division.

Due to the CH-54's success in military operations, the S-64 platform drew renewed interest for its potential use in commercial applications. In 1968, Sikorsky introduced the S-64E Skycrane to serve alongside the S-61, a smaller aircraft which was developed in 1961 for use in heavy-lift operations, oil rigging construction, and passenger transport. Around the same time, Boeing began to market the Boeing Vertol 107 and 234 model aircraft, which competed with the Skycrane for use in firefighting, infrastructure construction, and oil drilling. In 1971, Jack Erickson and Wes Lematta, founders of Erickson Air-Crane and Columbia Helicopters, respectively, completed the first successful commercial aerial timber harvesting operation, demonstrating the effectiveness of heavy-lift helicopters in precision heavy-lift applications.

Over the next several decades, design enhancements to the S-64 and other heavy-lift platforms increased their functionality and use in a variety of end markets. Heavy-lift helicopters became an attractive alternative to fixed-wing aircraft for firefighting due to their large water-carrying capacity, their precision in depositing water, and their ability to reload quickly and efficiently. The precision and heavy-lift capabilities applied in firefighting and timber harvesting projects were also used in the construction of transmission and utility grids, wind turbines, ski lifts, mine conveyor belts, and oil and gas pipelines, as well as in offshore oil-development work and heating, ventilating, and air conditioning ("HVAC") unit placement and general high-rise building construction. These applications are increasingly relied upon for projects in locations that lack ground vehicular access or require non-invasive and environmentally sustainable alternatives. Notable projects performed by the S-64 include the transportation of the 15,000-pound "Statue of Freedom" from the U.S. Capitol for restoration in 1993 and the movement of snow from Mount Strachan in British Columbia to nearby Cypress Mountain for the 2010 Winter Olympics.

Due to the growing utility of heavy-lift helicopters, the universe of users has expanded to include large and medium-sized businesses and federal, state, local, and international government agencies. Customers often lease the aircraft under arrangements where they pay for the aircraft, crew, maintenance, and insurance, as well as fuel expense. However, in recent years, users who project heavy use of an aircraft, desire dedicated service, or lack scheduling flexibility have begun to consider owning heavy-lift aircraft.

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Commercial Heavy-Lift Helicopter Alternatives

The following table presents the most widely used commercial heavy-lift helicopters.

	S-64E/S-64F	CH-54A/CH-54B[(1)]	S-61[(1)]	Columbia 234[(2)(3)]	Columbia 107[(2)(3)]	KA-32[(1)]	MIL 26[(1)]
Manufacturer	Erickson	Sikorsky	Sikorsky	Boeing	Boeing	Kamov	MIL
Original Production	1962	1962	1959	1962	1964	1980	1977
Country of Origin	U.S.	U.S.	U.S.	U.S.	U.S.	Russia	Russia
Payload Capacity (pounds)	20,000/25,000	20,000/25,000	10,000	26,000	10,000	11,000	44,000
Range (nautical miles)	245/227	245/227	324	240	230	432	432
Max Speed (knots)	115/104	115/104	144	170	143	140	160
Primary Civilian Activities	-Firefighting -Timber Harvesting -Construction	-Firefighting -Timber Harvesting -Construction	-Firefighting -Timber Harvesting -Construction -Passenger Transport	-Firefighting -Timber Harvesting -Construction -Passenger Transport	-Firefighting -Timber Harvesting -Construction -Passenger Transport	-Firefighting -Timber Harvesting -Construction -Passenger Transport	-Firefighting -Construction -Passenger Transport
Operating Restrictions							
Geographic	None	Country Specific	None	None	None	U.S. and Country Specific	U.S. and Country Specific
Category[(4)]	Standard	Restricted	Depends on Configuration[(6)]	Standard	Standard	Restricted	Restricted
Approximate Number in Operation[(6)]	29[(7)]	11	102/47[(5)(8)]	6	16	Unknown	Unknown

Note: Data not provided by manufacturers are based on internal estimates. All performance data based on operations at sea level.

Sources:

(1) Military Analysis Network, www.fas.org.

(2) Columbia Helicopters, www.colheli.com.

(3) The Boeing Company, www.boeing.com.

(4) Category restrictions include not being authorized to fly over populated areas, carry passengers, and operate in multiple countries.

(5) FAA Rotor Roster, www.faa.gov.

(6) Erickson Air-Crane. Includes only commercial aircraft in operation.

(7) Erickson Air-Crane. Includes 17 helicopters owned by us and 12 owned by other parties, including nine sold by us.

(8) Erickson Air-Crane. 102 standard and 47 restricted S-61s in operation.

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Current S-64 and CH-54 Operators

The following table presents the current S-64 and CH-54 operators and the number of aircraft in operation.

	Standard	Restrictions for Use in U.S.(1)	
	S-64E/S-64F	CH-54A/CH-54B	Total
Erickson Air-Crane	17		17
Corpo Forestale (Italy)	4		4
Korea Forest Service	4		4
SDG&E	1		1
Siller Brothers	2	1	3
Helicopter Transport Services	1	10	11
Approximate Number in Operation	29	11	40

(1) CH-54 aircraft have a similar frame and similar capabilities to the S-64, but, because they are military aircraft, they are limited in the U.S. in their allowed applications due to certification restrictions.

Commercial Heavy-Lift Helicopter Markets

While heavy-lift helicopters have been used in a number of commercial applications, we believe that the key markets with the most significant growth potential include firefighting, timber harvesting, infrastructure construction, and emergency response. There is no guarantee, however, that growth will occur in the markets we serve or that we will be able to take advantage of growth opportunities. See "Risk Factors." The demand for these applications varies by region and depends on local environmental, economic, social, and political considerations. We have existing customers in some markets, and with respect to some of the aerial services, described below. For example, we have existing contracts to provide aerial firefighting services in Australia, Greece, and the United States and timber harvesting services in Malaysia. In some markets where we have an established presence, we derive revenues, in part, from "call when needed" provisions, which could increase if government spending to fight fires increases. In addition, we believe we are well-positioned to expand our services as governmental and commercial spending for aerial firefighting, timber harvesting and construction expands in these markets. We also believe our long and successful track record and versatile product offering will be attractive to prospective customers in markets where we do not currently operate.

Aerial Firefighting

Aerial firefighting can be one of the most efficient means of combating wildfires because of the speed, mobility, and large carrying capacity of certain aircraft. The types of aircraft used in aerial firefighting include heavy-lift rotary aircraft such as the Aircrane, as well as fixed-wing aircraft, including the Bombardier CL-215 and 415, the Lockheed Martin C-130, and the McDonnell Douglas DC-10. We believe heavy-lift helicopters have several advantages over fixed-wing aircraft, including hovering capabilities that enable operations in congested areas, rapid refill from a greater variety of water sources, and more accurate fire retardant dispersion. We also believe heavy-lift helicopters are more cost-competitive than fixed-wing aircraft when water sources are nearby.

Fire Trends

Aerial firefighting has a long and established history. In recent years fires have become increasingly destructive around the world. For example, fires in 2007 in Greece, in 2009 in Australia, and in 2010 in Israel had unprecedented impacts on land and property. However, fires are inherently unpredictable and are impacted by a number of factors outside of our control, such as weather, population deconcentration,

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government policies and resources, and human factors. Population deconcentration reflects both regional shifts in population and the increasing attractiveness of owning property for both seasonal recreation and full-time residency in areas adjacent to public land. Population deconcentration has increased the amount of wildland-urban-interface ("WUI"), which has greatly complicated the mission of fire management in protecting communities at risk from wildfires. WUI creates an environment in which fire can move rapidly and readily, and threaten numerous buildings, homes, and people.

We believe that fire seasons in some areas are growing more intense and lasting longer, a phenomenon which some climatologists ascribe to climate change. This is consistent with findings in the 2009 Quadrennial Fire Review ("QFR"), an integrated strategic assessment process conducted by the U.S. Fire Executive Council and other government agencies to evaluate the future environment of fire management, that climate change will continue to result in a greater probability of longer fire seasons and bigger fires in various regions in the U.S. Over the past five years, longer and drier summers in the U.S. have contributed to an increase in the number of fires annually. The QFR suggests that fire mitigation efforts must address potentially 10-12 million annual wildfire acres in the U.S. alone in the coming decade, up from the previous 2005 estimate of 8-10 million annual wildfire acres. According to the QFR, research also confirmed that fire seasons are lengthening in the U.S., indicating that 30 days or more should be added to the start of the traditional fire season and possibly to the end.

We believe that if fire seasons in the U.S. and other parts of the world intensify and lengthen, government agencies may require more firefighting resources for longer periods of time, which we believe may benefit heavy-lift service providers. This increased demand for firefighting services may also ultimately drive some users to transition from leasing aircraft to owning them.

North America

In North America, the Western U.S. and Canada have historically suffered the most from the effects of wildfires. Since 1999, the U.S. has experienced 242 large wildfires, compared to 119 in the previous two decades combined. To address concern over increasing fire exposure, the U.S. Government is expected to continue to provide significant funding for fire prevention and suppression. The following chart presents annual expenditures by the U.S. for fire suppression:

United States Federal Fire Suppression Costs

Source: National Interagency Fire Center.

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Larger and more frequent wildfires will continue to have a major impact on fire suppression strategy and spending. The following chart presents the number and size of large wildfires recorded by agencies in the U.S. from 1979 to 2008:

United States Large Wildfires 1979-2010 (Over 50,000 Acres)

Source: Fire report programs for each agency (Fish and Wildlife Service, National Park Service, Bureau of Land Management, USDA Forest Service and Bureau of Indian Affairs). Only agency fires are included in these data. Compiled by National Interagency Coordination Center, Predictive Services.

Southern Europe

The Southern European "Fire Club" includes France, Greece, Italy, Portugal, and Spain, countries that have historically suffered the most from severe fires. The following chart presents the annual burnt area due to wildfires in the Fire Club from 1980 to 2010:

Burnt Area in the "Fire Club" France, Greece, Italy, Portugal and Spain 1980 to 2010

Source: European Commission Joint Research Center, Forest Fires in Europe 2010.

According to the European Commission Joint Research Center, the total burnt area in the 2007 fire season in Greece amounted to 225,734 hectares, making 2007 the country's most damaging year on record in terms of burned area and average fire size. Extremely hot and dry weather conditions combined with strong winds led to a disastrous upsurge in wildfires. Aerial firefighting techniques were heavily employed in the eventual calming of the fires. The Community Mechanism for Civil Protection, which facilitates civil protection assistance interventions in the event of major emergencies among European member states, deployed 10 Bombardier turboprops, three Pilatus prop planes, and 12 helicopters (including four Aircranes) to Greece over a 10-day period.

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The following chart presents annual burnt area from 1980 to 2010 in Greece:

Burnt Area in Greece 1980-2010

Source: European Commission Joint Research Center, Forest Fires in Europe 2010.

Australia

Australia has endured forest fires that have damaged vast parts of the coast and have endangered metropolitan areas. As a result of the country's high susceptibility to forest fires, the Australian government continues to fund the civil defense budget for the procurement of firefighting suppression equipment, including the use of heavy-lift helicopters.

Drought, high winds, and high temperatures contributed to an outbreak of major brushfires in the Sydney metropolitan area in December 2001. Known as "Black Christmas," the fire was one of the worst wildfires in Australia's recent history, burning over 750,000 hectares. Government, public, and media interest piqued due to the scale of the fire, the proximity to Sydney, and the threat to residential property. Aerial firefighting played a critical role in the containment and extinguishment of the fire, and the aircraft used received widespread recognition. The Australian United Firefighters Union designated our "Elvis" as the flagship of its Aerial Firefighting Fleet.

Fires further devastated Australia in early 2009. The 2009 southeastern Australian heat wave began in late January 2009 and led to record-breaking prolonged high temperatures. The heat wave arrived during the peak of the 2008-2009 Australian fire season, and contributed to many bushfires throughout the region, the worst of which were the "Black Saturday" bushfires. The Black Saturday bushfires occurred on and around February 7, 2009 in the state of Victoria, as power lines were felled by winds in excess of 60 miles per hour and temperatures were near their peak during the heat wave. By the time the bushfires had been completely extinguished in mid-March, at least 173 people had perished, making it one of the deadliest wildfires in recorded history. The fires also injured over 400 people, burnt over 450,000 hectares, and destroyed over 3,500 structures.

In May 2009, following the Black Saturday fires, the Australian Attorney General announced that the government would increase its contributions to the national aerial firefighting program by approximately 30%, raising them from AU$43.2 million to AU$56.0 million over the 2009 to 2013 period. In addition, the Australian government is providing annual funding of AU$14.0 million to assist states and territories in extending lease arrangements on aerial firefighting aircraft. The Attorney General's Department stated that aerial firefighting equipment, such as the Aircrane, was a key weapon in the fight against major wildfires.

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Timber Harvesting

Heavy-lift helicopters are used in timber harvesting to remove cut trees from forests, lifting them on cables attached to the aircraft. Due to helicopters' relatively high operational costs, companies use heavy-lift helicopters to harvest primarily high-value timber used in high-grade wood products such as furniture and flooring. Aerial timber harvesting is well suited for accessing high-grade timber where challenging terrain or environmental concerns limit the possibility of building access roads.

Tropical timber species in particular can carry premiums large enough to justify aerial timber harvesting when more common harvesting methods are not economically, environmentally, or politically acceptable. Tropical species are often found in dense forests which are difficult to access and where the cost of building roads can be prohibitive. In addition, local governments are increasingly facing environmental pressures and have begun limiting, and in some cases forbidding, the use of access roads in order to protect and preserve forest lands. We believe the tropical forests of Malaysia and Indonesia present significant near-term opportunities for aerial timber harvesting, and think there are additional opportunities in South America and Southeast Asia.

In addition to tropical forestlands, a number of countries have high-value timber in mountainous and difficult-to-reach locations, where aerial timber harvesting is a highly attractive alternative, including regions of the North America, Europe, and South America. North America, in particular, remains an attractive market for aerial timber harvesting. The demand for sawlogs, or softwood that typically carries a significant premium over pulpwood logs, remains strong and continues to grow. The following chart shows the historical and estimated future demand for sawlogs in the U.S. and Canada:

North American Harvest Demand for Sawlogs

Source: RISI, March 2010 data.

Growing environmental awareness is a factor driving the use of aerial timber harvesting solutions. Consumer demand for more socially responsible businesses helped third-party forest certification emerge in the 1990s as a tool for communicating the environmental and social performance of forest operations. Today, 340 million hectares of forests are "certified," representing nearly 9.0% of the estimated four billion hectares of forestland in the world. Timber logged from certified forests is often more expensive and must be harvested in a sustainable manner, yielding growth opportunities for aerial timber harvesting as environmentally friendly forest resource management continues to grow in importance.

Infrastructure Construction

Heavy-lift helicopters are used in a variety of infrastructure construction projects, including oil and gas pipeline construction, transmission and utility grid construction, wind turbine construction, and offshore oil-development work. Additionally, heavy-lift helicopters are used in construction projects such as building construction, HVAC unit placement, ski lift construction, and mine conveyor belt construction. Aerial services are often the most efficient means to accomplish heavy-lift project goals.

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Promising growth prospects exist on a global basis, as infrastructure development opportunities arise in both developing and developed countries for power, oil and gas pipeline, and telecommunications construction. Throughout the world's developing economies, population growth, globalization, international trade, and reliance on technology have encouraged governments to accelerate various infrastructure development projects. Government agencies and private businesses are expected to increase the number of power, oil and gas pipeline, and telecommunications construction projects in order to develop each of these sectors. CG/LA Infrastructure ("CG/LA") and CIBC World Markets ("CIBC") predict that between $25.0 trillion and $30.0 trillion of infrastructure investment will be carried out over the next two decades. CG/LA and CIBC believe that of this investment, 30.0% will be devoted to power projects, 22.5% to telecommunications projects, 10.0% to water projects, and 37.5% to transportation projects.

The following chart presents projected average annual global infrastructure expenditures by geography through 2030:

Projected Annual Global Infrastructure Expenditures through 2030

Source: CG/LA Infrastructure and CIBC World Markets.

Building Construction and Specialized Heavy-Lift Projects

Heavy-lift helicopters have a diverse range of construction and specialized heavy-lift applications, including the lifting of HVAC systems to building rooftops, the placement of mining conveyor systems over challenging terrain, and the assembly of ski lifts. Heavy-lift helicopters have also been used for projects such as the development of a NASA platform for astronaut training, the transportation of the 15,000-pound "Statue of Freedom" from the U.S. Capitol for restoration, and the movement of snow to Cypress Mountain in British Columbia for the 2010 Winter Olympics. Additional opportunities exist in the construction of high-rise buildings (*e.g.,* lifting building materials and installing/removing construction cranes) and the construction of isolated structures such as bridges, tunnels, and ports. Heavy-lift helicopters are frequently used in building construction and specialized heavy-lift projects because they offer highly efficient and safe solutions and provide access to challenging terrain.

Energy Transmission and Distribution

Heavy-lift helicopters are also used to support electric transmission line construction, allowing utilities and construction services firms to install infrastructure in remote or hard-to-access locations where traditional access methods may be too costly or impossible. Additionally, heavy-lift helicopters allow utilities to construct large lines faster and with minimal environmental impact, an increasing concern for asset owners.

According to ABS Energy Research ("ABS"), the transmission and distribution global equipment market is expected to grow by an average of 3.1% annually from $94.4 billion to $109.5 billion between 2008 and 2015, and transmission lines are forecasted to grow from an installed base of 5.9 million kilometers in 2009 to 6.6 million kilometers in 2015. Catalysts for this spending include the acceleration of renewable energy generation project activity; allocation of stimulus funds to specific transmission,

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renewable energy generation, and smart grid installations; the availability of low-cost capital; and the continued need to upgrade aging grid components that are reaching the end of their useful lives.

ABS forecasts that Asia will lead much of the transmission and distribution global market growth, driven by China's significant economic growth and investment in electrifying new housing, as well as India's initial progress in the electrical sector. Asian countries are expected to contribute 40.0% of total global spending in this sector from 2008 to 2013. Asian countries are expected to also account for 43.0% of predicted extra high voltage transmission tower spending from 2010 to 2013 (as part of global market growth from $2.4 billion in 2010 to $2.8 billion in 2013), 58.0% of the over-100,000 kilometers of predicted annual global transmission line additions from 2010 to 2013, and 38.0% of the over-200,000 kilometers of predicted global transmission lines added or replaced annually from 2010 to 2013.

Significant infrastructure construction and other heavy-lift opportunities exist in mature economies as well. According to the American Society of Civil Engineers, the U.S. electric power grid and associated infrastructure is aging, overloaded, and in need of maintenance, upgrade, and expansion. Consequently, the Edison Electric Institute, the association of U.S. shareholder-owned electric companies, projects that investor-owned utilities will spend in excess of $11.0 billion on transmission projects in 2010, up from approximately $5.7 billion in 2004. The recent American Recovery and Reinvestment Act of 2009 ("ARRA") dedicated more than $90.0 billion in government investment and tax incentives to lay the foundation for a clean energy economy, including grid modernization, renewable generation, and energy efficiency.

Power construction in the U.S. has already seen four years of rapid growth, with spending increasing at a compounded annual growth rate of 19%, from $35.5 billion in 2005 to $84.3 billion in 2010. FMI's Construction Outlook, a quarterly construction market forecast based on quantitative and qualitative studies within the construction industry, expects this trend to remain strong, with power construction spending projected to grow at a compounded annual growth rate of between 9.0% and 12.0%, or between $129.7 billion and $148.5 billion in 2015. This growth is mainly driven by investments in renewable energy projects, as well as by transmission and distribution projects, which include maintenance and replacement work.

European investment is expected to be driven by the continued replacement of aging assets, as well as efforts by the 10 new states that joined the European Union in 2004 to bring their countries' infrastructure in line with other member states.

Alternative Energy

The global wind power market grew in 2010, bolstered by the approval of the second Kyoto Protocol and promises of strong policy support such as the U.S. Government's Production Tax Credit ("PTC"). The U.S and China accounted for 54.0% of the world's new wind turbine installations in 2008. Both nations have set in motion powerful policy supports, indicating that these two countries will likely lead the global wind market going forward. Both the U.S. and China are expected to provide various support measures including PTCs and cash grants in lieu of credits, investment tax credits, and setting much higher wind turbine installation targets. Other governments around the world have also been strengthening wind power support measures. According to MAKE Consulting and Hyundai Securities, the global wind power market is expected to grow at a compounded annual growth rate of over 10.0% from 2011 to 2016. We believe heavy-lift helicopters have the ability to play an important role in the construction of wind turbines, particularly in the delivery and installation of turbine blades.

Oil and Gas Pipeline Development

Heavy-lift helicopters are expected to play a significant role in the continued development of global oil and gas pipelines. Continued global demand for natural gas, crude oil, and petroleum products, coupled with production of gas and oil moving to more remote areas, drives the need for constant pipeline

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expansion. According to data from Global Markets Direct, there is currently approximately 1.5 million Km of natural gas, crude oil, and petroleum product pipeline globally. An additional 125,000 Km of pipeline, equivalent to 8.5% of installed capacity, is expected to be developed by 2012, driven by a 25% increase in global consumption of natural gas from 2008 to 2015 and a 13% increase in global consumption of crude oil from 2009 to 2015.

Significant regional opportunities exist around the world for pipeline development, as new projects come on-line in the next few years. The chart below shows the combined length of natural gas and crude oil pipeline projects currently planned in different regions:

Global Planned Crude Oil and Natural Gas Pipeline Planned (Km) 2010-2012

Source: Global Markets Direct.

According to Global Markets Direct, an estimated $180.0 billion will be spent on onshore pipelines from 2008 to 2012 and an estimated $42.0 billion is expected to be spent on new infrastructures in the Asia-Pacific region. The following table highlights the key natural gas and crude oil pipeline projects currently planned around the world:

Region	Selected Projects
North America	Connection of Rocky Express pipeline and West-East pipeline in New York
	Southeast Supply Header ("SESH")
	Midcontinent Express pipeline through Oklahoma and Texas
	Gulf Crossing interstate natural gas pipeline
Asia	Kakinada (East-West) pipeline
	Kinada Bharuch pipeline
	Vadinar Bina pipeline
	Iran-Pakistan-India gas pipeline
Europe	Medgaz
	Eastern Siberia-Pacific Osean ("ESPO") pipeline
	Nabucco pipeline
	Turkey-Italy-Greece pipeline
Middle East & Africa	Pipeline to connect Gbaran oil and gas fields in Bayelsa State in Nigeria to processing center
	Shaybab 2 pipeline
South America	Gasoducto del Sur pipeline
	Bolivia-Argentina gas pipeline
	Gasoducto del Noresta Argentina ("GNA") pipeline

Source: Global Markets Direct, "The Current and Future Outlook of Global Oil and Gas Pipeline Industry to 2012," published in December 2008.

Emergency Response

We believe that heavy-lift helicopters will be increasingly used in rescue missions and disaster relief operations for severe natural and man-made disasters (*e.g.*, the tsunami in Thailand in 2004, Hurricane Katrina in the U.S. in 2005, and earthquakes in Haiti, Chile, and China in 2010 and Japan in 2011). In the

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U.S. alone, the number of natural and man-made disasters declared by the Federal Emergency Management Agency increased from 45 in 2000 to 81 in 2010. Although it is impossible to predict the number of future disasters, the increasing frequency with which they are occurring in certain regions and the growing population globally is forcing numerous governments and affiliated agencies to evaluate improving response preparedness and increasing relief spending. As governments do so, we believe heavy-lift helicopters, because of their unique attributes and ability to operate when ground-based solutions are unavailable, will increasingly be called upon to help.

On March 8, 2010, the Office of Emergency Management of the Governor of Oregon addressed the development of a heavy-lift helicopter disaster response and recovery program in Oregon. The appropriations request for the program through the U.S. Department of Homeland Security noted that Oregon would "become the model for the effective and safe deployment of civil heavy-lift helicopter resources alongside National Guard assets as they work together to save lives and homes." The request also specifically set out steps of Phase 1 to work with Erickson Air-Crane to develop a State and Regional Disaster Airlift Plan according to FAA Advisory Circular 00-7D, and to then share this plan with the other 49 states. Phase 2 would consist of working primarily with Erickson, as the S-64 Type Certificate holder, to "research and develop advanced heavy-lift helicopter response to include ice jam busting, human rescue and evacuation, and tactical personnel transport missions."

After-Market Support

After-market support is an important element of the heavy-lift helicopter industry and includes CPH agreements, MRO services, specialized educational and training services, and the development of customized aircraft components and tools. CPH involves an OEM providing a full suite of parts and services (*e.g.*, replacement parts, spare parts replenishment, scheduled, and unscheduled engine maintenance) to the aircraft it manufactures for a fixed cost per hour of utilization over a specified time period. The option provides a level of reliability and cost certainty for customers. It also allows OEMs to deepen their relationships with users, monitor the performance of their aircraft, and generate additional contracted revenue.

MRO business performance is directly correlated to the number of aircraft in service and the number of hours those aircraft are flown. In order to provide MRO services including major and minor maintenance, modifications, refurbishment, and repairs of aircraft airframes, engines and parts a provider must be licensed by the FAA in the U.S. and EASA in Europe. AeroStrategy, a specialist management consulting firm devoted to the aviation and aerospace sectors, estimated that the civil helicopter MRO market was approximately $5.0 billion in 2006, the most recent year for which information is available, with 50.0% dedicated to components, 20.0% dedicated to engines, 20.0% dedicated to modifications, and 10.0% dedicated to airframes. AeroStrategy predicts that this market will grow to $6.8 billion in 2016, representing a compounded annual growth rate of 3.1%.

Crew training and education are additional after-market services for the heavy-lift helicopter industry. Typical training requires a combination of ground school and flight training, and in some cases, the use of flight simulators. Training may also include maintenance and type training, as well as annual FAA certification courses. Heavy-lift helicopter pilots are required to log a minimum number of flight hours each year and must keep current on all industry certifications.

COMPANY HISTORY

Our company was founded in 1971 by Jack Erickson, a second-generation logger and entrepreneur. Mr. Erickson leased an S-64E Skycrane helicopter from Sikorsky Aircraft Corporation to assist in timber harvesting. After his initial success with the aircraft, the company purchased four Skycranes and subsequently changed its name to Erickson Air-Crane.

In 1972 we expanded into construction, first using an Aircrane for power line construction while working as a subcontractor for utility companies such as the Bonneville Power Administration, Pacific Gas and Electric Company, and Southern California Edison Company. Since these initial operations, we have placed transmission towers for over 8,000 miles of power lines. In 1975, we expanded our construction offering as an Aircrane placed the final 17 steel sections on the CN Tower in Canada. In 1993, the U.S. Government hired us to remove and replace the "Statue of Freedom," which sits atop the U.S. Capitol dome in Washington, D.C., for renovation, garnering significant media attention. In the years since these initial heavy-lift operations, the Aircrane has been flown in North America, Europe, Southeast Asia, Australia, and South America for use in large-scale delivery, installation, and construction operations.

In 1992, we purchased the Type Certificate to the Sikorsky S-64E and S-64F model Skycranes, and the aircraft designation was changed to the "S-64 Aircrane" helicopter. Since then, we have developed and certified over 350 modifications and improvements to the original design. By 1993, Erickson Air-Crane had become the manufacturer and support facility for all Aircrane parts and components.

We certified our attachable fire tank system in 1992, providing the basis for our success in aerial firefighting. Initial overseas firefighting operations commenced in Australia in 1998, and the Aircrane has since maintained an annual presence with the Australian firefighting corps. Aircranes have also been used to fight fires in the U.S., Canada, Greece, France, Italy, Turkey, and South Korea. The performance of the helicopter allowed us to make our first Aircrane sale in 2002, when the South Korea Forest Service purchased four aircraft. A year later, we sold an additional four aircraft to the Italian Forest Service. All eight of those Aircranes were built and delivered between 2002 and 2007. We sold an Aircrane to our first commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated). On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT, a subsidiary of a Brazilian oil and gas exploration company, pursuant to which HRT leased one Aircrane with an option to purchase the Aircrane that may be exercised by HRT on or prior to January 15, 2012. See "Summary Recent Developments."

On September 27, 2007, Stonehouse Erickson Investment Co. LLC, Stonehouse Erickson Management Co. LLC and ZM EAC LLC acquired 100% of our outstanding common stock. On January 8, 2010, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. purchased the interests of the Stonehouse entities.

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BUSINESS

Overview

We specialize in the operation and manufacture of the Aircrane, a versatile and powerful heavy-lift helicopter. The Aircrane has a lift capacity of up to 25,000 pounds and is the only commercial aircraft built specifically as a flying crane without a fuselage for internal loads. The Aircrane is also the only commercial heavy-lift helicopter with a rear load-facing cockpit, combining an unobstructed view and complete aircraft control for precision lift and load placement capabilities.

We own and operate a fleet of 17 Aircranes, which we use to support a wide variety of government and commercial customers worldwide across a broad range of aerial services, including firefighting, timber harvesting, infrastructure construction, and crewing. We refer to this segment of our business as Aerial Services. We also manufacture Aircranes and related components for sale to government and commercial customers and provide aftermarket support and maintenance, repair, and overhaul services for the Aircrane and other aircraft. We refer to this segment of our business as Aircraft Manufacturing / MRO. As part of our Manufacturing / MRO segment, we also offer CPH contracts pursuant to which we provide components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. We believe CPH contracts help our customers better predict and manage their maintenance costs. In 2010, our Aerial Services and Manufacturing / MRO segments generated revenues of $105.7 million and $12.5 million, respectively. For the nine months ended September 30, 2011, our Aerial Services and Manufacturing / MRO segments generated revenues of $111.2 million and $10.8 million, respectively.

We own the Type and Production Certificates for the Aircrane, granting us exclusive design, manufacturing, and related rights for the aircraft and OEM components. We invest in new technologies and proprietary solutions with a goal of increasing our market share and entering new markets. We have made more than 350 design improvements to the Aircrane since acquiring the Type Certificate and we have developed S-64 Aircrane accessories that enhance our aerial operations, such as our firefighting tank system and snorkel, timber "heli harvester," and anti-rotation device and hoist.

We have manufactured 34 Aircranes for our own fleet and for our customers in several countries worldwide. To date, we have sold and delivered nine Aircranes, including our first sale to a commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated). In addition, we recently entered into an Aircraft Lease and Purchase Option Agreement with HRT, a subsidiary of a Brazilian oil and gas exploration company, that provides HRT with an option to purchase one Aircrane on or prior to January 15, 2012. See "Summary Recent Developments."

We believe we are the only fully integrated developer, manufacturer, operator, and provider of aftermarket parts and services for a precision heavy-lift helicopter platform, and that there are significant growth opportunities for our business. For example, we believe population growth and deconcentration, which increases the size and breadth of communities that must be protected from wildfires, will lead to increased government spending on rapid response, heavy-lift firefighting solutions such as the Aircrane. See "Business Competition" and "The Commercial Heavy-Lift Helicopter Industry Commercial Heavy-Lift Helicopter Markets." There is, however, no guarantee that growth will occur in the markets we serve or that we will be able to take advantage of growth opportunities. See "Risk Factors."

We target long-term contract opportunities and had a total backlog of $133.1 million as of September 30, 2011, of which $103.4 million was from signed contracts and $29.8 million was from anticipated contract extensions. We expect that approximately $111.8 million of the backlog will not be filled within the current fiscal year. See "Business Backlog" for a discussion of how we define and calculate backlog. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized."

Our Aerial Services operations are seasonal and tend to peak in June through October and tend to be at a low point in January through April. As a result of this seasonality, we have historically generated the majority of our revenues, and our cash flows, in the second half of the calendar year. We had cash used in operations of $8.4 million for the year ended December 31, 2010 and $14.4 million for the nine months ended September 30, 2011. We believe that our cash flows from operations, together with cash on hand and the availability of our credit facilities, will provide us with sufficient liquidity to operate our business for the foreseeable future.

We have production, maintenance, and logistics facilities in Central Point, Oregon. We currently maintain a year-round international presence with operations in Canada, Italy, Malaysia, and Peru, and an operating presence in Australia, Brazil, and Greece. We employ approximately 700 employees of whom approximately 500 are located in Oregon, primarily at our Central Point facilities and Portland headquarters. We employ approximately 100 pilots. We deploy crews, including pilots and maintenance personnel, on-site where we deploy our Aircranes.

Our Competitive Strengths

We believe we have certain competitive advantages in the heavy-lift helicopter market that further our ability to execute on our strategy.

Versatile Heavy-Lift Helicopter Solutions. The versatility and high payload capacity of the Aircrane, its proprietary mission-specific accessories, and the skill of our pilots and crews, make the Aircrane an attractive solution for a wide variety of aerial services. We believe our fleet of 17 owned and operating Aircranes is the largest commercial fleet of helicopters in the world capable of carrying loads of up to 25,000 pounds and that our role as the manufacturer of the Aircrane, combined with our scale, service readiness, and comprehensive global support network, provides us with a leadership position in the heavy-lift helicopter industry. See "Business Competition."

Vertically Integrated Business Model. We offer a full spectrum of heavy-lift helicopter solutions, including the design, engineering, development, manufacturing, and testing of the Aircrane, as well Aerial Services and MRO services. Our business benefits from close cooperation between our designers and engineers, on the one hand, and our operations personnel, on the other hand, allowing us to quickly react to changing customer needs and new business opportunities. We provide MRO services on our Aircrane fleet, and we continue to supply parts and major maintenance and overhaul services to every aircraft we have sold. We also perform similar operations on components for owners of other aircraft platforms. Our FAA-certificated repair station offers a full array of services, from small repairs to extensive heavy airframe maintenance. Beyond the usual capabilities of a repair station, we have a team of engineers and resident Designated Engineering Representatives to assist in repair and modifications, as well as to address engineering issues that arise during the maintenance process. We believe our integrated approach business model reduces our costs and diversifies our revenue stream, and results in better products and services through close collaboration between our product engineers and our operations personnel.

Established International Presence. During our history, we have operated in 18 countries across five continents. Global operations allow us to maximize the use of our fleet for seasonal aerial services and position us to capitalize on opportunities in a broad range of geographies. We currently maintain a year-round international presence in Canada, Italy, Malaysia and Peru, and an operating presence in Australia, Brazil, and Greece. Our global reach and our efficient management structure enable us to provide high-quality, reliable services with high levels of operational availability to our customers. In addition, our geographically distributed fleet minimizes our mobilization costs and the response times in meeting our customers' service requirements. Revenues from external customers by geographic area for the last three fiscal years are provided in Note 11 to our consolidated financial statements included in this prospectus.

Proprietary Technologies and Continuous Innovation. We have made more than 350 design improvements to the Aircrane and have developed a variety of innovative accessories for our Aerial

Services, including a 2,650 gallon firefighting tank and snorkel refill system, a "heli harvester" for aerial timber harvesting, and an anti-rotation device and hoist that facilitates precision heavy load placement. We continuously explore ways to deliver innovative solutions to our customers and to potential customers in new markets.

Valuable Long-Term Customer Relationships and Contracts. We believe that our established relationships with customers, some of whom have been customers for more than 20 years, allow us to effectively compete for and win new projects and contract renewals. Our long-term relationships help provide us with visibility with respect to our revenue, aircraft utilization, and scheduled usage patterns. We increased our backlog as of September 30, 2011 by $100.1 million to $133.1 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We derived more than 50% of our 2010 revenues from long-term contracts, some of which extend beyond 2013. See "Business Backlog" for a discussion of how we define and calculate backlog. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized."

Experienced and Growth-Oriented Management Team. Within the last four years, we have added the six members of our senior management team, including our CEO and CFO, our Senior Vice President of Global Sales and Marketing, our Vice President of Manufacturing and MRO, our Vice President of Aerial Services, and our Vice President, General Counsel, and Corporate Secretary. Our senior management team has an average of more than 20 years of experience in the aviation industry and rotorcraft sector. This professional aerospace team provides us with deep domain knowledge, extensive operational and manufacturing expertise, and strong customer and business relationships.

Our Strategy

Our goals are to strengthen our position in the competitive heavy-lift helicopter industry by continuing to provide innovative, value-added solutions to our customers, and to expand our aircraft and component sales and MRO services. We intend to focus on the following strategies to achieve these goals:

Maintain Position in Aerial Services and Expand into New Markets. We intend to leverage our global presence, our vertically integrated offerings, and our innovative technologies to expand our customer base and increase our fleet utilization in existing and new markets. We expect to opportunistically expand our aircraft fleet to support customer demand.

- *Firefighting.* We intend to opportunistically enter European, Asian, and South American countries that have significant fire seasons. We expect the seasonal differences between these countries and those we currently serve will provide us with the opportunity to increase our global fleet utilization and provide more scale in each of our key target regions.

- *Timber harvesting.* We intend to opportunistically enter new markets in South America and Asia where abundant high-value timber resources present significant growth potential for our heavy-lift solutions. In addition, we expect to continue to capitalize on the growing desire for sustainable timber harvesting practices, as we have done in North America and Malaysia.

- *Infrastructure construction.* We believe that infrastructure construction represents a large market with growth potential for us. In particular, we believe that electrical grid development and modernization, oil and gas pipeline construction, wind turbine construction, and other alternative energy projects represent our most significant growth opportunities in this sector.

- *Emergency response.* We have developed and continue to expand a comprehensive emergency response marketing effort to provide advanced global aerial solutions in support of disaster recovery, hazard mitigation, and infrastructure restoration.

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Crewing. We have experienced strong demand for crewing services from customers who have purchased our Aircranes and we expect this trend to continue as the global installed base of Aircranes expands.

Increase Our Aircrane Sales. We intend to increase sales of the Aircrane to existing and new customers. In addition to generating profits upon sale, we expect an increase in the installed base of Aircranes to augment demand for our crewing services, OEM components, and MRO, and other aftermarket services. We have established a sales team that is focused on expanding Aircrane sales. We completed our first sale of an Aircrane to a commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated). On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT, a subsidiary of a Brazilian oil and gas exploration company, pursuant to which HRT has leased an Aircrane, with an option to purchase the Aircrane that may be exercised by HRT on or prior to January 15, 2012. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business."

Expand Our MRO and Aftermarket Solutions. We intend to leverage the expertise of our highly trained engineers and maintenance support personnel to extend our MRO capabilities across aircraft platforms similar to the Aircrane. We have entered into a service and supply agreement with Bell pursuant to which we will manufacture and sell certain commercial aircraft parts and components to Bell. We believe that we are also well-positioned to provide similar services for other aircraft, directly or in partnership with OEMs. These OEMs are increasingly focused on developing new platforms rather than on servicing legacy platforms, because their large fixed-cost structures and limited engineering capacity often render the latter uneconomical. We are currently pursuing aftermarket OEM opportunities that leverage our engineering expertise.

Maintain a Focus on Long-Term Customer Relationships and Contracts. We intend to focus on developing long-term relationships with key customers through reliable performance and a strong commitment to safety and service. This focus has resulted in an increase in our backlog and we believe it has given us a competitive advantage in competing for new contracts and renewals of existing contracts.

Maintain a Continued Focus on Research and Development. We are dedicated to continuous innovation and significant research and development projects. Our operations have benefited from innovations such as our fire tank and snorkels, anti-rotation device and hoist, hydraulic grapple and a redesigned AFCS. We have several new product applications and aircraft accessories under development, including composite main rotor blades, and a universal multipurpose container for cargo transportation. See "Business Research and Development." Innovative new products and capabilities enhance the reliability and versatility of our aircraft in existing and new markets, enabling us to expand our market access, increase our customer base, and capture additional market share.

Selectively Pursue Acquisitions of Businesses and Complementary Aircraft. We intend to continue to opportunistically evaluate the acquisition of businesses and aircraft that could complement and enhance our Aerial Services capabilities and service offerings and increase our access to customers and our penetration of new and existing markets.

There is no guarantee that we will be able to execute on our strategies, and, even if we successfully execute on our strategies, there is no guarantee that our strategies will strengthen our position in the heavy-lift helicopter industry. Our ability to execute on our strategies is subject to risks and uncertainties described in "Risk Factors."

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Changes to Our Company Since Our 2007 Acquisition

All of our issued and outstanding common stock was acquired by a group of private equity investors in September 2007. Our new stockholders have taken several steps to improve our business and financial position and improve our focus on implementing our strategies.

Management. We have added strong professional aerospace managers to our management team, adding six members of our senior management team, including our CEO and CFO, our Senior Vice President of Global Sales and Marketing, our Vice President of Manufacturing and MRO, our Vice President of Aerial Services, and our Vice President, General Counsel, and Corporate Secretary. This management team has extensive experience in the helicopter services and aerospace manufacturing sectors and has brought significant improvements to our operations.

Corporate Functions. Under the leadership of the current management team, we have institutionalized all corporate functions and developed key performance indicators that are reviewed monthly with our senior leadership team. This includes a comprehensive revenue forecasting process. Our governance has been enhanced through the use of a transaction approval process for all material transactions. Safety, operating, and strategic plans are now in place. Investments in leadership talent and systems have been made in our sales and marketing and finance groups. We have implemented a new ERP that integrates our financial and manufacturing processes.

Focus on Long-Term Contracts. We have focused on building a diverse range of long-term relationships and obtaining long-term contracts. We have increased our backlog as of September 30, 2011 by $100.1 million to $133.1 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We derived more than 50% of our 2010 revenues from long-term contracts, some of which extend beyond 2013. See "Business Backlog" for discussion of how we define and calculate backlog. See "Risk Factors Some of our backlog may be deferred or may not be entirely realized."

Increased MRO Focus. Prior to our acquisition, our MRO effort was primarily internally focused. While servicing our own fleet of 17 Aircranes remains the largest component of our current MRO activities, we have broadened our focus to leverage our expertise with the Aircrane to offer MRO services across similar aircraft platforms. We are currently pursuing various aftermarket OEM opportunities.

Increased Effort to Expand Aircrane Sales. Our sales group is dedicated to expanding Aircrane sales, and has significantly increased our sales pipeline activities. We may enter into agreements providing options to potential customers on future aircraft deliveries, which options only become binding obligations on us if non-refundable deposits are paid, usually shortly after the agreement is signed. The options allow us to engage potential customers in the sale process.

Oil and Gas Pipeline Construction. We have begun penetrating the oil and gas pipeline construction services market. We have recently entered into a three-year services contract with an oil and gas exploration company in Peru and have entered into an Aircraft Lease and Purchase Option Agreement with a subsidiary of a Brazilian oil and gas exploration company.

Improved Standards for Safety and Quality. We have implemented specific, company-wide safety and quality processes to further enhance our safety and quality culture and now exceed several recommended FAA standards. These processes allow us to provide all of our employees and customers with consistently safe and high-quality service, which we believe is essential to our business. In recognition of the importance of safety, we have a full-time dedicated Safety & Compliance Department reporting directly to the CEO. We operate under a fully implemented Safety Management System, which meets or exceeds current FAA requirements. We received AS9100 Certification in May 2009. In March 2010, United Registrar Services performed an annual surveillance audit and gave us a 100% performance rating.

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Increased Media Exposure. Our management team has pursued various opportunities to increase the Aircrane's media exposure. In addition to features in newspapers and magazines, the unique design and capabilities of our Aircrane have been featured in a recent documentary by National Geographic and at the center stage of the 2009 EAA Airventure Oshkosh airshow.

Headquarters Relocation. In March 2009, we relocated our corporate headquarters from Central Point, Oregon to Portland, Oregon, which we believe has improved our ability to attract and retain highly qualified management personnel and provides us with improved access to our global customers and facilities.

Products and Services

Our Aircrane is a versatile and powerful precision heavy-lift helicopter with lift capacity of up to 25,000 pounds. The Aircrane is the only commercial aircraft built specifically as a flying crane, in contrast to those with fuselages built for internal loads. The Aircrane's unique design allows us to perform a wide variety of critical services, including firefighting, timber harvesting, and infrastructure construction. The Aircrane is the only helicopter in the world with a rear load-facing pilot station that provides an unobstructed view and complete control of the load being placed. We believe the aircraft's inherent versatility, large payload capacity, and precision placement capabilities provide us with competitive advantages and support our position as a leading provider of heavy-lift helicopter solutions worldwide. See "Business Competition."

The table below highlights the specifications of our two Aircrane models:

Specification	S-64E	S-64F
Power Plant	2 Pratt & Whitney JFTD12A-4A	2 Pratt & Whitney JFTD12A-5A
Shaft HP	4,500 per engine, 9,000 total	4,800 per engine, 9,600 total
Gross Weight (Max.)	42,000 pounds	47,000 pounds
Empty Weight	20,200 pounds average	20,400 pounds average
Payload Capacity	20,000 pounds	25,000 pounds
Max Cruise Speed	115 knots = 132 miles per hour	104 knots = 119 miles per hour

The Aircrane was originally manufactured by Sikorsky Aircraft Corporation. We purchased the S-64 Type Certificate from Sikorsky in 1992 and have since developed and certified over 350 modifications and improvements to the original design, which have significantly enhanced the Aircrane's versatility and precision heavy-lift capabilities. In addition, we are committed to continuous innovation and the allocation of resources to the design, engineering, and development of new and improved Aircrane tools and accessories. Components such as the anti-rotation device and hoist, hydraulic grapple, and high-volume fire tank and snorkel enhance the Aircrane's ability to perform effectively and cost-efficiently. As we continue to enter new markets we will continue to design and develop products as needed. The table below highlights some of our proprietary Aircrane accessories.

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Accessory	Market	Description
Fire Tank and Pond Snorkel	Firefighting	2,650 gallon tank that drops water, retardant, or foam mix; includes a water-collecting snorkel that refills the tank with fresh water in less than 45 seconds
Fire Tank and Sea Snorkel	Firefighting	2,650 gallon tank with anti-sea spray device, enabling in-flight seawater refill in less than 45 seconds while minimizing the damaging effects of seawater spray from stationary refilling
Foam Cannon	Firefighting	Water, foam, and fire retardant dispenser that forces a stream of retardant at 300 gallons per minute with a coverage range of 200 feet.
Hydromulch Loading Manifold	Post-Firefighting	Dispenser of mulch and other regenerative materials for post-fire management, promoting regrowth and reducing post-fire erosion
"Heli Harvester"	Timber Harvesting	Self-seating harvester that allows timber harvesting operations with no ground crew required during helicopter operations
Hydraulic Grapple	Timber Harvesting and Infrastructure Construction	Exerts over 42,000 pounds of pressure to secure timber as it is harvested in an ecologically friendly manner; supports debris removal

Long-Line Shock and Pendant	Timber Harvesting and Infrastructure Construction	Shock-absorbing aircraft attachment for hydraulic grapple that absorbs load variances, facilitating smoother flying and increased aircraft longevity

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Accessory	**Market**	**Description**
Anti-Rotation Device and Hoist	Infrastructure Construction	Prevents load rotation and enables precise load placement
Material Transport Bucket	Infrastructure Construction	Allows for the transportation and precision delivery of various materials to a particular location

We have several new product applications and aircraft accessories under development, including composite main rotor blades and a universal multi-purpose container for cargo transportation. Innovative new products and capabilities enhance the reliability and versatility of our aircraft, which we believe positions us well to increase our customer base and market share. See " Research and Development."

Aerial Services

We provide heavy-lift aerial helicopter solutions to domestic and international customers. Our Aircrane was designed as a versatile, airborne heavy-lift platform with capabilities that support a wide variety of missions and end-markets. The Aircrane is capable of providing heavy-lift solutions to a wide variety of industries, including firefighting, timber harvesting, infrastructure construction, oil and gas and energy related construction, disaster recovery, and emergency response. We own, operate, and maintain a fleet of 17 Aircranes, making us the world's largest Aircrane operator. We typically lease our aircraft to customers for specific missions, with customers generally paying for the aircraft, maintenance, and crewing services, as well as fuel expense. In addition, we currently provide crewing for the majority of aircraft we have sold.

Our air crews consist of two or three pilots per aircraft who are capable of flying daily missions of up to 10 hours. Aircrane missions are highly specialized and require pilots, mechanics, technicians, and support crews with extensive experience in helicopter operations and in specific mission training. To support our commitment to safety and quality service, we recruit pilots with exceptional long-term in-flight helicopter experience and require that new hires spend significant time as co-pilots before graduating to full pilots, regardless of previous experience in other aircraft. We believe that our attractiveness to customers depends not only on the capabilities of our aircraft but also on the high level of training and abilities of our air crews and support personnel, as well as our safety policies and procedures. See "Business Employees and Training."

Aerial services accounted for 89% of our consolidated revenues in 2010 (52% firefighting, 28% timber harvesting, 5% construction, and 15% crewing), 76% in 2009 (66% firefighting, 21% timber harvesting, 6% construction, and 7% crewing), and 96% in 2008 (60% firefighting, 30% timber harvesting, 6% construction, and 4% crewing). Our aerial services are seasonal, but our global operations help us mitigate the effects of seasonality; for example, the firefighting season in the U.S. typically runs from May to October and in Australia it typically runs from October to February.

One of the Aircranes in our fleet is subject to the Aircraft Lease and Purchase Option Agreement with HRT. If HRT exercises its purchase option, unless we convert one of our manufactured Aircranes held in inventory into part of our fleet, our fleet will be reduced to 16 Aircranes.

Periodically, Aircranes are removed from service and undergo heavy maintenance activities, including inspections and repairs of the airframe and related parts as required. The actual time between heavy maintenance depends on many factors, including hours of operation and kind of use. We perform the

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heavy maintenance procedures at our Central Point facilities. Heavy maintenance requires several months to complete during which time the Aircrane is not available to provide Aerial Services. We attempt to schedule heavy maintenance so that no more than one Aircrane is out of service undergoing heavy maintenance at any time.

Firefighting. Our Aircrane Helitanker the Aircrane with an attached 2,650 gallon fire tank is a versatile, powerful, and cost-competitive aerial firefighter. The Aircrane Helitanker has provided firefighting services in the U.S., Canada, Mexico, Italy, Greece, France, Turkey, and Australia. Our firefighting customers include federal, state, local, and international government agencies who hire us to be available as needed. Under our typical firefighting contracts, aircraft are deployed to locations prone to seasonal fires and remain on standby throughout the fire season. For these contracts, which we refer to as exclusive-use contracts, we typically charge on a per-day basis for availability and on a per-hour basis for actual aircraft use. In some circumstances, we only charge for actual aircraft use; these contracts, which we refer to as call-when-needed contracts, have considerably higher daily and/or hourly rates than our exclusive-use contracts. Because fire seasons differ in the Northern and Southern Hemispheres, we are able to capitalize on the year-round demand for firefighting services by moving aircraft from one location to another.

Our 2,650 gallon fire tank features microprocessor controlled tank doors that allow for eight different coverage levels. The tank provides the Aircrane with a comparable delivery capacity of fixed-wing tanker planes and the increased maneuvering capabilities of a helicopter. Fixed-wing alternatives must land to reload or skim-load from large bodies of water. Our Helitanker reloads while in flight in 45 seconds or less from any available water source deeper than 18 inches, including rivers, lakes, oceans, and cisterns. As a result, if there is a water source nearby, the Aircrane can reload and return to its target significantly faster than fixed-wing alternatives, resulting in a substantially larger total drop capacity and a more cost-effective solution for fighting most fires.

Our proprietary accessories, including our water cannon, sea and pond snorkels, and hydromulch loading manifold, have helped us remain a leader in the firefighting market. As we look to increase our market share within the international firefighting market we will continue to pursue new product innovations.

Timber Harvesting. We have flown the Aircrane in high-performance, low-impact timber operations since 1971 in a number of regions, including the U.S., Canada, and the tropical forests in Malaysia. Our customers request our harvesting solutions primarily for high-value timber, such as tropical hardwoods and for remote area harvesting in locations that would otherwise require road construction or prohibit ground-based harvesting.

Aerial timber harvesting with the Aircrane is a cost-competitive, sustainable, and environmentally friendly method of harvesting high-value and difficult to access timber. Timber is vertically lifted and transported with our proprietary hydraulic grapple, minimizing the need for road development and large support crews on the ground. We believe one Aircrane can harvest and transport the same amount of timber in a day as approximately 50 ground tractors. The environmental benefits of this sustainable forest practice include far less damage to adjacent stands of trees, soil, and riparian areas.

Infrastructure Construction. The Aircrane's rear load-facing pilot seat, combined with the skill and experience of our pilots, makes the aircraft particularly well-suited for infrastructure projects that require extreme precision in load delivery, such as electricity transmission and broadcasting towers, oil and gas pipelines, wind turbines, mining conveying systems, industrial equipment, emergency shelters, and ski-lift equipment. The Aircrane can be configured to transport heavy machinery and equipment such as heating, ventilating, and air conditioning HVAC units, automotive equipment, and other large cargo items.

We have developed a number of innovative mission-specific tools and accessories that further enhance our capabilities and increase our versatility, including our anti-rotation device and hoist, hydraulic grapple, and material transport bucket.

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Crewing. For customers who purchase an Aircrane but lack qualified operating personnel, we offer pilots and field maintenance crews on an annual or multi-year contract basis. Because we are currently the largest employer of trained and qualified Aircrane pilots, crew chiefs, field mechanics, and other support personnel worldwide, we are often a critical solution for effective crewing of our sold aircraft. We provide crewing services for five of the nine aircraft we have sold since 2002. As we increase our sales of Aircranes, we expect our crewing services to increase accordingly.

Aircraft Manufacturing and Maintenance, Repair, and Overhaul (Manufacturing / MRO)

Through our Manufacturing / MRO segment we manufacture Aircranes from existing airframes, manufacture new components on a contract basis, and provide customers with FAA and EASA certified MRO services in our AS9100 certified facility. The MRO process includes the disassembly, cleaning, inspection, repair, and reassembly of airframes, engines, components, and accessories, as well as the testing of complete engines and components. We perform major maintenance, repair, and overhaul on our own Aircranes, and we continue to provide parts and major maintenance and overhaul services to each aircraft we have sold. We also offer "cost per hour" ("CPH") contracts in which we provide all parts and service for a customer's aircraft at a fixed hourly rate, increasing our customers' ability to predict and manage their maintenance costs. Our Manufacturing / MRO segment accounted for 11% of our 2010 consolidated revenue.

We have manufactured a total of 34 Aircranes for our own use and for customers, and have sold one for domestic construction operations and eight for international firefighting operations. In years when aircraft sales occur, they typically account for more than 10% of our consolidated revenues. We also build and manufacture Aircranes for our own use as dictated by customer demand and currently own, operate, and maintain 17 Aircranes. All of our aircraft are built in-house at our facility in Central Point, Oregon, enabling us to manufacture an Aircrane to new specifications in approximately six to fourteen months depending on specifications and lead times. As the owner of the S-64 Type and Production Certificates, we also have the exclusive authority and ability to manufacture an Aircrane entirely from new parts. We believe our manufacturing operations are scalable. We recently reduced manufacturing capacity in our November 2011 reduction-in-force, and if we experience significantly increased customer demand for our Aircranes, we anticipate being able to meet such demand by rapidly expanding our manufacturing capacity and related resources.

We have extensive capabilities in new parts production of airframes, aircraft systems, and avionics components for a wide variety of rotary and fixed-wing aircraft. Our highly skilled mechanics and technicians regularly manufacture airframe subassemblies and other sheet metal parts and have machining capabilities that include computer numerical control milling, grinding, and lathing. Our manufacturing operations can fabricate hard-to-locate parts, or even reverse engineer and reproduce parts that may no longer be available from traditional sources. We manufacture aluminum main and tail rotor blades and have partnered with OEMs to design and manufacture composite main rotor blades that we believe will significantly improve the performance of our Aircranes and other helicopters.

While we provide MRO services to our own Aircranes, we continue to provide parts and major maintenance and overhaul services to every Aircrane we have sold. We also perform similar operations on engines and other components for owners of other aircraft platforms. Our FAA-certificated repair station offers a full array of services from small repairs to extensive heavy airframe maintenance. Beyond the usual capabilities of a repair station, we have a team of engineers and resident Designated Engineering Representatives to assist in repair and modifications, as well as to address any engineering issues that arise during the maintenance process.

Research and Development

Our research and development efforts have been critical to our success, and we dedicate significant resources to improving our aircraft's performance and developing new applications and products. We spent

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approximately $3.2 million on research and development in the first nine months of 2011, $6.4 million on research and development in 2010, $6.9 million in 2009, and $7.0 million in 2008. We have recently completed several new product applications and aircraft accessories and have others under development, including the following:

- A redesigned Automated Flight Control System that significantly improves system performance and reliability and reduces maintenance costs, certified by the FAA in 2010.

- Night vision cockpit instrumentation, certified by the FAA in 2010.

- Composite main rotor blades, with respect to which the detailed design is complete and manufacturing tooling is fabricated, and prototype blades have been fabricated.

- A universal multi-purpose container for the transportation of cargo, a prototype of which has been tested and proven, and with respect to which variations are in development for medical facilities and portable command centers.

Innovative new products and capabilities enhance the reliability and versatility of our aircraft in existing and new markets, enabling us to expand our markets, increase our customer base, and capture additional market share.

Backlog

Backlog represents the amount of revenue that we expect to derive from signed contracts, including oral contracts that have been subsequently memorialized in writing, or anticipated contract extensions. For contracts that include both a daily and an hourly rate component, only the daily component of revenue is included in backlog and an estimate of the expected hourly revenue is not included. For contracts that include a guaranteed number of hours, the value of the guaranteed hours is included in backlog. For cost per hour contracts, which depend on hours flown by our customers, we calculate the contribution to backlog based on contracted minimum hours. When a binding aircraft sale contract has been signed with a customer, the purchase price of the aircraft is included in backlog. When we sign a contract giving a potential purchaser an option to purchase an aircraft which only becomes binding on a non-refundable payment of a material option fee, we do not include the purchase price of the aircraft in backlog until the non-refundable payment has been made and the contract is a binding purchase contract. We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the cubic meters of high grade timber we expect to deliver under the contract based on our experience. The backlog as of September 30, 2011 is estimated at $133.1 million, of which $103.4 million is attributable to signed contracts and $29.8 million is attributable to anticipated contract extensions. A substantial portion of our backlog is related to anticipated contract extensions. See "Risk Factors We have a significant backlog that may be deferred or may not be entirely realized."

Sales and Marketing

Sales and marketing assignments are allocated based on geography to regional managers who are responsible for generating qualified sales leads. Once a potential customer is qualified, the managers are supported by segment managers who provide subject matter expertise on our various products and services. We have retained consultants to assist us with new government contracting opportunities in the U.S. We also retain independent representatives in specific countries on a commission basis. Our independent representatives operate under contracts in which they pledge to act in full compliance with the Foreign Corrupt Practices Act and other applicable legislation.

As a part of our sales effort, we may enter into agreements providing potential customers with an option to purchase an aircraft from future production. Such agreements can be structured as a purchase agreement which is not binding until a non-refundable deposit is paid. On payment of the negotiated option payment or non-refundable deposit, and on occasion negotiation of a more specific purchase agreement, the agreement becomes binding. Such agreements allow us to engage potential customers

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without committing the customer. No income is recognized on such agreements until the non-refundable payment is made and a binding purchase commitment exists. See "Risk Factors Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement."

Our marketing functions are principally directed at identifying and understanding geographic markets and developing new applications for our products and services. We are currently focused on potential energy applications for oil and gas exploration, transmission towers, and pipeline development in South America, Europe, North America, and Asia. In firefighting applications, we are focused on Southern Europe, South America, and Asia. We are pursuing timber harvesting applications in North America, Asia, and South America and construction applications in North America, Europe, the Middle East, South America, and Asia. In addition to our traditional operating markets, we are exploring various new product applications to enable us to enter new markets such as emergency response.

Significant Customers

Each of the following customers accounted for over 10% of our sales in 2010: the U.S. Forest Service, Protezione Civile (Italian government), Hellenic Fire Brigade, and Samling Global. We have existing contracts with each of our Aerial Services customers who accounted for 10% of our 2010 revenues, and we believe our relationships with each of these customers is good. In June 2010, we entered into a new agreement to provide firefighting services for the Hellenic Fire Brigade; due to concerns relating to the economic crisis in Greece, we were able to negotiate advance payments comprising approximately 50% of the expected 2010 revenues under that agreement. During 2010, we received both the advance payment and the remaining balance for the 2010 fire season. During 2011, we received the advance payment, with the remaining balance due in January 2012. Advances received that have not been earned have been properly deferred.

Intellectual Property

Because we own the S-64 Type and Production Certificates, we are the only company authorized to manufacture the Aircrane and OEM components for the Aircrane. In addition, our core technologies are protected through a combination of intellectual property rights, including trade secrets, patents, copyrights, and trademarks, as well as through contractual restrictions. We enter into confidentiality and inventions assignment agreements with our designers, engineers, consultants, and business partners, and we control access to and distribution of our proprietary information.

We have patents related to our fire tank in the U.S. that expire in 2011 and 2012. We also have patents related to our sea snorkel in the U.S., Canada, Korea, China, certain countries in Europe, and elsewhere. Our sea snorkel patents expire in the U.S. in 2021.

We may file for additional patent protection as we deem appropriate to protect new products.

We have registered the AIR CRANE word mark in the United States and we have registered the Erickson logo, featuring a design of an Aircrane. We have also registered the A.I.R.S. word mark in the United States. We have a pending trademark filing in the United States for the AIRCRANE INCIDENT RESPONSE SYSTEMS word mark.

Insurance and Risk Management

We mitigate risk by maintaining hull and liability insurance on our aircraft covering us for loss of or damage to the aircraft and for the cost of defending against and paying any claims brought by others. We also insure the aircraft against war risk and related perils. In addition, we maintain insurance for other risks inherent in doing business, such as automobile liability, pollution liability, and workers' compensation coverage. In some instances, we are covered by indemnity agreements from our customers in lieu of, or in addition to, our insurance.

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Competition

We compete with several other heavy-lift helicopter operators in one or more of our markets. We believe our fleet of 17 owned and operating Aircranes is the largest commercial fleet of helicopters in the world capable of carrying loads of up to 25,000 pounds. See "The Commercial Heavy-Lift Helicopter Industry Commercial Heavy-Lift Alternatives."

The following table presents our primary competitors in the commercial heavy-lift market.

Competitor	Competitor's Services	Total Heavy-lift Helicopters Operated(1)
Helicopter Transport Services	Aerial services and support to the petroleum, forestry, and mining industries; aerial fire suppression, aerial construction, air ambulance, electronic news gathering, executive transport, motion pictures	14(2)
Columbia Helicopters	Heavy-lift aerial services, including construction, oil rig moves, oil rig support, timber removal, firefighting, disaster recovery Maintenance, overhaul, and repair services	22(3)
Siller Brothers	Aerial firefighting, construction, timber harvesting, hydroseeding Maintenance, facility, and overhaul	6(4)

(1) For purposes of this chart, heavy-lift helicopters are defined as having an external load capacity of 10,000 pounds or more. See "The Commercial Heavy-Lift Helicopter Industry Commercial Heavy-Lift Alternatives."

(2) Consists of ten CH-54A/B, one S-64E, and three S-61/N aircraft.

(3) Consists of six Columbia 234 and sixteen Columbia 107 aircraft.

(4) Consists of two S-64E, one CH-54A, and three S-61/N aircraft.

In a more general sense, we compete with other airborne solutions, including fixed-wing firefighting operators, and with a variety of ground-based alternatives. Competition is generally on the basis of appropriateness of the solution, cost, reliability, and environmental impact. For some missions, such as the transportation of the "Statue of Freedom" from the U.S. Capitol or other precision placement of heavy loads, the Aircrane's precision and heavy-lift capabilities often make it the preferred choice. For other missions, such as firefighting, the Aircrane competes against other aircraft and ground-based solutions and is often one in an array of resources used by a customer.

On a platform basis, we believe our closest competitor is the Columbia 234 "Chinook" helicopter, the Type Certificate for which is owned by Columbia Helicopters. A number of military helicopters could, if made available for civilian use, be deployed in operations similar to those that we undertake and have significantly greater lift capacity and range.

Facilities

We operate from two principal facilities that we own in Central Point, Oregon. Our operations and general offices are located in an 88,548 square foot factory on an eight-acre site. We also operate a 50,000 square foot warehouse on a 40-acre site approximately four miles from our operations facility. In their current configuration, our facilities can support all of our current operations and the manufacture of up to four aircraft per year.

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We lease approximately 7,300 square feet of headquarters office space in Portland, Oregon under a lease that expires in 2013. We lease office and hangar space for our foreign operations.

Employees and Training

We employ approximately 700 employees, of whom approximately 500 are located in Oregon, primarily at our Central Point facilities and Portland headquarters. We employ approximately 100 pilots. We deploy crews, including pilots and maintenance personnel, on-site where we deploy our aircraft. Our employee base is generally stable and turnover is low. None of our employees is represented by a labor union. Our 11 pilots in Italy are covered by statutory employment protections.

Our hiring policies dictate that pilots have a minimum of 1,500 hours of Pilot in Command helicopter time to be employed by us as a Second in Command pilot. The training process for these pilots to advance to Captain status is extensive and can take up to five years. Our Aircrane Captains have an average of over 10,000 hours of helicopter time, with extensive experience in fire and vertical reference missions.

Our field mechanics are qualified to a number of levels of Return to Service ("RTS") on the Aircrane based on work experience and task qualification. All field mechanics must meet the requirements of the FAA approved Repair Station Part 145 Training Program and minimum task qualifications as specified in Erickson's Standard Operating Procedure # 2005 before becoming qualified to sign off the aircraft. The task qualification process typically takes three to five years for an FAA certificated mechanic to reach Full RTS. This process ensures that the individuals maintaining our fleet of Aircranes meet the high standards that have become associated with Erickson Air-Crane. In addition to the Limited and Full RTS qualifications, a number of our field mechanics hold other task qualifications in Non Destructive Testing, Pilot-Static Testing, and ATC Transponder Testing.

On November 2, 2011, we completed a company restructuring that included a reduction-in-force of 119 employees. The restructuring was needed to realign our operating expenses to ensure that we remain competitive in the markets we serve.

Regulation

All aspects of our business are heavily regulated under federal, state, local, and foreign laws and regulations. These laws and regulations may require us to maintain and comply with a wide variety of certificates, permits, licenses, noise abatement standards, and other requirements. These regulatory agencies have the authority to modify, amend, suspend, or revoke the certificates, permits, and licenses granted to us for failure to comply with provisions of law or applicable regulations, and may impose civil or criminal penalties for violations of applicable rules and regulations.

Federal Aviation Administration and Comparable Agencies. Our aerial operations, aircraft manufacturing, and MRO are subject to complex aviation and transportation laws and regulations under which the United States Department of Transportation ("DOT"), principally through the FAA, exercises regulatory authority over certificate holders and persons that operate, manufacture, or repair aircraft. We are also subject to comparable regulation in several foreign countries with respect to our operations in those countries.

The FAA and comparable foreign agencies, including the European Aviation Safety Agency, have jurisdiction over many aspects of our business, including:

- The issuance of type certificates for the Aircrane;
- Approval of major modifications to the Aircrane or its systems;
- Approval of Aircrane accessories used in our operations, such as our sea snorkel and our anti-rotation device and hoist;
- Promulgation and enforcement of rules governing the operation of aircraft generally and in connection with specific missions;

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- Promulgation and enforcement of rules governing the manufacture and repair of aircraft, aircraft systems, and aircraft components; and

- Promulgation and enforcement of rules governing the qualification, training, and currency of pilots, flight crew, and repair and maintenance personnel.

The FAA and comparable foreign authorities actively monitor compliance with these rules and conduct regular inspections and audits of our operations and facilities. A serious violation of any of these rules could result in the imposition of fines or penalties, the revocation of our type certificate or the suspension or revocation of our operating licenses. The aviation regulation agencies in various jurisdictions sometimes work in concert to avoid duplication of regulatory effort, but each agency has authority to impose and enforce its own regulations and conduct its own inspections with respect to operations within its jurisdiction.

U.S. federal laws require that at least 75% of the voting securities of a domestic air carrier be owned or controlled by citizens of the U.S., and that its president and at least two-thirds of its directors and managing officers be U.S. citizens. We believe that these requirements do not apply to our operations. Nonetheless, out of caution and to allow for possible changes in our future operations, we have adopted governance practices to ensure our compliance with these provisions even if inapplicable. Our CEO and at least two-thirds of our directors and managing officers are U.S. citizens, and our second amended and restated certificate of incorporation and second amended and restated bylaws restrict voting of shares of our capital stock by non-U.S. citizens. Our second amended and restated bylaws provide that no shares of our capital stock may be voted by or at the direction of non-U.S. citizens unless such shares are registered on a separate stock record, which we refer to as the foreign stock record. Our second amended and restated bylaws further provide that the voting rights of the shares registered on the foreign stock record in the name of each foreign stockholder will be proportionally reduced so that the voting rights of the amount so registered are reduced if the amount registered would exceed the foreign ownership restrictions imposed by federal law.

The FAA and comparable foreign agencies may adopt new regulations, directives, or orders that could require us to take additional compliance steps or result in the grounding of some of our aircraft or the suspension of certificates or licenses, which could increase our costs or result in a loss of revenues. New regulations could also restrict our operations or increase our operating costs.

Environmental Regulations. We are subject to increasingly stringent federal, state, local, and foreign environmental laws and regulations concerning, among other things, water discharges, air emissions, hazardous material and waste management, and environmental cleanup. Future regulatory developments may require us to take additional action to maintain compliance with applicable laws. For example, future laws and regulations limiting the emission of greenhouse gasses could, among other things, require us to change our manufacturing processes, which may require us to make significant additional expenditures.

Certain of our operations are also subject to the oversight of the Occupational Safety and Health Administration ("OSHA") concerning employee safety and health matters.

Other Regulations. Our operations in non-U.S. jurisdictions are subject to local governmental regulations that may limit foreign ownership of aviation companies. Because of these local regulations, we conduct some of our operations through entities in which local citizens own a majority interest and we hold a minority interest, or through local agents.

Safety

We have company-wide safety and quality processes administered by a Safety & Compliance Department reporting directly to the CEO. We received Safety and Health Achievement Recognition Program ("SHARP") Certification in 2009 from the Oregon OSHA. The SHARP Certification identifies companies that achieve a level of safety that far exceeds base compliance standards. Also in 2009, we were recognized by the local chapter of the American Society of Safety Engineers with the STAR Award, which recognizes companies that have demonstrated commitment to workplace safety by lowering their OSHA

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recordable accident rate over multiple years. We operate under a fully implemented Safety Management System ("SMS") which exceeds FAA requirements. SMS is the global aviation gold standard for managing risk. We have been a participant in Helicopter Association International's Platinum Program of Safety for the last four years and have received its Safe Operator Award for 2009. We received AS9100 Certification in May 2009. In March 2010, United Registrar Services performed an annual surveillance audit and gave us a 100% performance rating. The FAA presented us with a "Gold Certificate of Excellence" honoring our participation in the FAA-sponsored Aviation Maintenance Training program in 2008 as well as a "Special Recognition Award" signifying participation with the program for the past five years.

Legal Proceedings

From time to time, we are party to various legal proceedings in the normal course of business. These claims, even if lacking in merit, may result in the expenditure of significant financial and managerial resources. We were recently, or are currently, a party to the following significant legal proceedings.

Pending Proceedings

U.S. Forest Service Claim. In early June 2008, we were awarded four contracts with the United States Forest Service ("USFS"). In late June 2008, the USFS issued a stop work order on three of the four contracts. In October 2008 we filed a request for equitable adjustment on the stop work order with the USFS Contracting Officer. After being denied on our request for equitable adjustment, in July 2009, we filed a claim with the Civilian Board of Contract Appeals for approximately $3.0 million, which represented our estimate of additional costs incurred by us under these contracts, which we were not able to mitigate, as a result of the stop work order. We believe that these additional costs are compensable under USFS rules. An independent expert has determined the amount of these additional costs at $2.8 million. We recorded approximately $3.0 million as a receivable in 2008, and subsequently have reduced this amount to reflect the revised estimate of additional costs we anticipated to recover. We attended a hearing before the Civilian Board of Contract Appeals in April 2011 to present our case to the Board. All post-hearing briefs were filed in August 2011. We expect a final ruling from the Board before December 31, 2011.

Settled Proceedings

IRS Claim. The IRS issued a Notice of Proposed Adjustment on June 3, 2009 proposing to reallocate foreign tax credits amounting to $9.8 million taken in 2005 and 2006 to earlier tax years. We submitted the matter to IRS appeals. On August 25, 2011, our assigned IRS appeals officer verbally advised us that the IRS agreed with our original position concerning the foreign tax credits, and this matter has now been formally settled with the IRS.

Evergreen Claim. Evergreen Helicopters, Inc. ("Evergreen") filed a complaint against us in the U.S. District Court for the District of Oregon on June 29, 2009 alleging claims under the Sherman Antitrust Act and the Clayton Act and for breach of contract. Evergreen alleged that we breached our obligations to Evergreen as a third-party beneficiary to a 1992 contract between us and Sikorsky Aircraft Corporation by restricting the supply of parts and not supplying parts for its S-64E in a timely manner, particularly in the four-year period prior to the filing of the complaint, and by restricting the supply of parts and not supplying parts for CH-54As. Evergreen also alleged that we had monopoly power in the alleged heavy-lift helicopter service and parts markets, or that we were attempting to obtain such monopoly power, and that Evergreen's business was injured by our actions. On February 15, 2011, we entered into a settlement agreement with Evergreen, pursuant to which we paid Evergreen a total of $10.0 million in cash. In exchange for the $10.0 million payment from us, Evergreen dismissed the claim and has released us from all potential claims of any kind up to the date of the settlement.

Organizational Structure

Some of our foreign operations are conducted through local subsidiaries and are structured to ensure compliance with local ownership laws and other requirements. Typically, we provide comprehensive lease services to our minority-owned subsidiaries under agreements which are cancelable by us; those subsidiaries in turn contract with foreign entities.

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MANAGEMENT

Directors and Executive Officers

The following table provides information regarding our executive officers and directors as of the date of this prospectus. Concurrent with the closing of this offering, we expect that our board of directors will consist of seven members, a majority of which are expected to be "independent" as defined under SEC and NASDAQ rules.

Name	Age	Position
Udo Rieder	52	President and Chief Executive Officer, Director
Charles Ryan	57	Senior Vice President and Chief Financial Officer
David Valaer	49	Senior Vice President of Global Sales and Marketing
H.E. "Mac" McClaren	56	Vice President and Head of Aerial Services
David Ford	61	Vice President of Manufacturing and MRO
Edward Rizzuti	41	Vice President, General Counsel, and Corporate Secretary
Quinn Morgan	40	Director and Chairman of the Board of Directors
Kenneth Lau	34	Director
Hank Halter*	46	Director nominee
Gary R. Scott*	60	Director nominee
Meredith R. Siegfried*	38	Director nominee
James L. Welch*	57	Director nominee

*
Ms. Siegfried and Messrs. Halter, Scott, and Welch are expected to take office immediately following the closing of this offering. All director nominees are "independent" as defined in the rules and regulations of the SEC and NASDAQ.

Udo Rieder has served as our Chief Executive Officer and as a member of the board of directors since March 2008. From February 2005 to March 2008, Mr. Rieder served as Vice President and General Manager, Parts Logistics and Services for Bombardier Aerospace Inc. Prior to Bombardier, July 1996 to December 2004, Mr. Rieder worked at Delta Air Lines, Inc., most recently as Vice President, Engineering and Planning and as Vice President, Purchasing. From May 1990 until June 1996, Mr. Rieder held various manager positions with American Airlines, Inc., including Manager of Power Plant Purchasing and Manager of Warranty and Repair Contracts. From May 1985 until May 1990, Mr. Rieder served as an engineer with Bell Helicopter, Inc. Mr. Rieder holds a BS in Mechanical Engineering from Texas A&M University and also holds an AAS in Business from Central Texas College. He has served as the Chairman of the Engineering, Maintenance and Materiel Council of the Air Transport Association and as the Chairman of the e-Business Committee for the same organization. Mr. Rieder was selected to serve as one of our directors because he is our Chief Executive Officer, and has extensive knowledge of our business and industry.

Charles Ryan has served as our Senior Vice President and Chief Financial Officer since January 2009. From August 2005 until December 2008, Mr. Ryan served as Chief Financial Officer and Treasurer of Latham International Inc. From January 2002 until August 2005, Mr. Ryan served as Chief Financial Officer of SSG Precision Optronics, Inc. From July 1999 until December 2001, Mr. Ryan served as Group Vice President and Chief Financial Officer of the seating products group of B/E Aerospace Inc. From January 1995 until July 1999, Mr. Ryan served in various positions in General Electric's subsidiary GE Aircraft Engines, most recently as a Finance Officer in component repair and manufacturing operations. From July 1986 until January 1995, Mr. Ryan worked at Textron Inc. and its successor entity Allied Signal-Honeywell, most recently as a Group Controller in the Military Engines and Engineering Development Group. From June 1979 until July 1986, Mr. Ryan worked at Howmet Corporation in various financial controlling positions. Mr. Ryan started his career in May 1978 at Olin Corporation in the financial management development program and internal audit group. Mr. Ryan holds an MBA from the University

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of New Haven and a BS in Accounting from Quinnipiac University and is a licensed CPA in the state of Massachusetts and a current member of the American Institute of Certified Public Accountants.

David Valaer joined Erickson as our Senior Vice President of Global Sales and Marketing on September 30, 2011. Prior to joining Erickson Mr. Valaer was President and CEO of Kiska Investments from June 2009 to September 2011. Mr. Valaer served as a Senior Advisor from February 2009 to September 2010 to Leiden Capital Group an investment advisory company. Mr. Valaer co-founded Boot Camp Northwest in May 2004 and served as an Executive Director until October 2008. Mr. Valaer was President and CEO of Simplex Manufacturing Company, a global designer and manufacturer of helicopter fire fighting and spray systems, from March 1995 through June 2003. Mr. Valaer served in the United States Air Force as an F-16 Fighter Pilot from April 1990 to June 1995. Mr. Valaer holds an MBA from the University of Texas at Austin and BS degrees in Finance, Management and Psychology from the University of Oregon.

H.E. "Mac" McClaren has served as our Vice President and Head of Aerial Services since January 2009. From July 2006 until December 2008, Mr. McClaren served as the Vice President and Program Manager of the V-22 Osprey Program and prior to that as the Vice President of H-1 Upgrades, Eagle Eye, and Presidential Helicopter Programs at Bell Helicopter Inc. From June 2003 until July 2006, Mr. McClaren worked as Capture Team Leader for the CH-53K program at Sikorsky Aircraft Corporation. From August 1975 until June 2003, Mr. McClaren served in the U.S. Marine Corps, including duty as head of the Expeditionary Aviation Working Group, Operations Officer for the 1st Marine Division, Commanding Officer of Marine Light Attack Helicopter Squadron 369, as well as various other positions. His personal awards include the Legion of Merit, Meritorious Service Medal, Air Medal, Navy Commendation Medal, and Navy Achievement Medal. Mr. McClaren retired from the Marine Corps at the rank of Colonel. Mr. McClaren is a graduate of the U.S. Army War College at Carlisle, Pennsylvania and holds a BS from the University of North Carolina.

David Ford joined Erickson as Vice President of Manufacturing and MRO on June 28, 2010. Mr. Ford was General Manager of Sikorsky Global Helicopters Manufacturing and MRO Operations in Coatesville, PA. from January 2006 through March 2010. He also served as Vice President of MRO for Keystone Helicopter from February 1996 through December 2001, and President from January 2002 through December 2005. Mr. Ford's background includes over 30 years of leadership experience in the aerospace industry, including as Engineering Director and GM for Regional Airline Products for PTC Aerospace from November 1993 through January 1996; Director of Customer Service for Textron Lycoming from November 1988 through October 1993; and Program Management, Engineering and Customer Support management positions for Bell Helicopter from June 1978 through October 1988. His formal education includes a Bachelor of Science in Aerospace Engineering from Georgia Tech and a Master of Science in Industrial Management from Purdue's Krannert Graduate School of Business. He has also successfully completed Executive Leadership training courses at the University of Virginia's Darden Business School. Mr. Ford has served as Chairman of the Manufacturer's Committee and Board Liaison for Helicopter Association International and currently serves on the Board of Directors for the American Helicopter Museum in West Chester, PA. He also serves on the Governor's Aviation Advisory Committee for the State of Pennsylvania.

Edward Rizzuti joined Erickson in August 2010 and has served as our Vice President, General Counsel and Corporate Secretary since November 2011. Prior to joining Erickson, from August 2006 to August 2010, Mr. Rizzuti worked for NACCO Materials Handling Group, Inc., most recently serving as Associate General Counsel. From January 2004 to July 2006, Mr. Rizzuti served as Legal Counsel for Terex Corporation. Prior to his employment with Terex, Mr. Rizzuti worked as a lawyer with Mintz Levin Cohn Ferris Glovsky and Popeo PC from September 1999 to July 2003, focusing in the area of private equity and corporate transactional work. From September 1998 to September 1999 Mr. Rizzuti worked as a lawyer with Clifford Chance LLP. Mr. Rizzuti received his JD from New York University School of Law and holds a BS in civil engineering from Rutgers University.

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Quinn Morgan has served on our board since September 2007 and as our Chairman since January 2010. Mr. Morgan is a founding member and Managing Director of Centre Lane Partners, LLC ("Centre Lane"), an affiliate of ZM Equity Partners, LLC. Mr. Morgan serves on the boards of several private companies affiliated with Centre Lane. Prior to co-founding ZM Equity Partners in May 2007, Mr. Morgan was a Managing Director and Head of Corporate Private Equity at D. B. Zwirn & Co., L.P., which he joined in January 2005. At D.B. Zwirn & Co., L.P. Mr. Morgan had overall responsibility for the corporate private equity investment program. From 2000 to 2005, he was employed with Moore Capital Management and its illiquid asset management joint venture, Steelpoint Capital Partners. From 1994 to 2000, he was employed with Goldman Sachs & Co. Mr. Morgan holds a BS in Economics from the London School of Economics and Political Science. Mr. Morgan was selected to serve as one of our directors because he is the managing member of our largest beneficial owner and has extensive experience in financing, private equity investment, and board service.

Kenneth Lau has served on our board since January 2010. Mr. Lau is a founding member and Managing Director of Centre Lane. Mr. Lau also serves on the boards of several private companies affiliated with Centre Lane. Prior to co-founding ZM Equity Partners in May 2007, Mr. Lau was a Vice President in the Corporate Private Equity Group of D. B. Zwirn & Co., L.P., which he joined in February 2005. From 2001 to 2005, he was employed with Moore Capital Management and its illiquid asset management joint venture, Steelpoint Capital Partners. From 1999 to 2001, he was employed with Merrill Lynch. Mr. Lau received a Master of Engineering and two BS degrees from the Massachusetts Institute of Technology. Mr. Lau was selected to serve as one of our directors because he is a member of our largest beneficial owner and has extensive experience in financing, private equity investment, and board service.

Hank Halter is expected to become a member of our board immediately after the closing of this offering. Mr. Halter has served as Senior Vice President and Chief Financial Officer of Delta Air Lines since November 2008. Mr. Halter previously served in a variety of finance positions at Delta Air Lines, including as Senior Vice President and Controller of Delta Air Lines (May 2005 through November 2008); Vice President-Controller (March 2005 through May 2005); Vice President-Assistant Controller (January 2002 through March 2005); Vice President-Finance-Operations (February 2000 through December 2001); and various other finance leadership positions (August 1998 through February 2000). From June 1993 through August 1998, Mr. Halter held various finance positions at American Airlines in corporate reporting, financial planning, and corporate real estate. Prior to his tenure with American Airlines, Mr. Halter was a Senior Accountant in the Philadelphia office of Ernst & Young LLP from June 1987 through July 1991. Mr. Halter holds an MBA from Duke University and a BS in accountancy from Villanova University. Mr. Halter is a certified public accountant, a member of the Board of Directors of the Atlanta Police Foundation and the Delta Community Credit Union. He also serves on the Board of Trustees of the Delta Heritage Museum and on the Advisory Board for the Atlanta Chapter of the CFO Roundtable. Mr. Halter was selected as a director nominee because of his experience as the chief financial officer of Delta Air Lines, and for his general experience with finance and public accounting. We expect to appoint him chair of our Audit Committee. Mr. Halter will qualify as an "independent" director under the rules and regulations of the SEC and NASDAQ, and as an "audit committee financial expert" under SEC rules.

Gary R. Scott is expected to become a member of our board immediately after the closing of this offering. Mr. Scott recently retired from Bombardier, Inc., where he served as the President of the Commercial Aircraft unit of Bombardier Aerospace since April 2008. He joined Bombardier in March 2004, serving as President of New Commercial Aircraft from March 2004 through February 2006 and President of Aircraft Services and New Commercial Aircraft from February 2006 through April 2008. Before joining Bombardier, Mr. Scott was Group President, Civil Simulation and Training at CAE, Inc. from July 2002 through March 2004. Mr. Scott began his career in aviation with The Boeing Company in 1973, holding the following executive positions: President, Flight Safety Boeing Training International (July 2000 through July 2002); Vice President, Business Strategy and Finance, Commercial Aviation Services (January 1999 through July 2000); Vice President and Chief Operating Officer, Boeing Enterprises (April 1998 through January 1999);

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and Vice President and General Manager for the 737/757 programs (November 1995 through March 1998). Mr. Scott earned a BA in Business Administration at the University of Washington and an MBA at Seattle University. Mr. Scott has also completed the Executive Development Program, University of Illinois, as well as the Harvard Business School Advanced Management Program. Mr. Scott also serves on the Board of Directors of the Wings Club. Mr. Scott was selected as a director nominee because of his experience as the chief executive of a significant business unit of a public aerospace company, and for his general management and financial experience in the aerospace industry. Mr. Scott will qualify as an "independent" director under the rules and regulations of the SEC and NASDAQ.

Meredith Siegfried is expected to become a member of our board immediately after the closing of this offering. In June 2011, Ms. Siegfried was appointed Chief Executive Officer of The NORDAM Group, Inc. She previously served as the Chief Operating Officer of the Repair Group of The NORDAM Group, Inc., responsible for its worldwide maintenance, repair and overhaul operations, from January 2009. Before becoming COO of the Repair Group, Ms. Siegfried served in a variety of roles at The NORDAM Group, including Vice President of Global Sales of the Repair Group (May 2006 through December 2008); Vice President, International (February 2002 through April 2006); Director, International Operations (January 2000 through January 2002); and Manager, International Operations (February 1999 through December 1999). Ms. Siegfried joined The NORDAM Group from Arthur Andersen's Global Corporate Finance division, where she served as a Senior Consultant on mergers and acquisitions, seller services, and financial advisory from November 1996 through January 1999. Ms. Siegfried also serves on the board of World Travel Services, LLC. She is also a member of the Young Presidents' Organization and served as Chairman of the Board of Trustees for the Tulsa Airport Authority for seven years through 2010. In 2011, she was awarded a Henry Crown Fellowship, a two-year program sponsored by The Aspen Institute. Ms. Siegfried received a BA in Finance from Notre Dame and an MBA from the University of Chicago. Ms. Siegfried was selected as a director nominee because of her experience in international sales and manufacturing and maintenance and overhaul operations. Ms. Siegfried also has industry, finance and management experience that will be valuable to us. Ms. Siegfried will qualify as an "independent" director under the rules and regulations of the SEC and NASDAQ.

James L. Welch is expected to become a member of our board immediately after the closing of this offering. Mr. Welch has served as Chief Executive Officer and a director of YRC Worldwide since July 2011. From October 2008 through July 2011, Mr. Welch served as President and Chief Executive Officer and a director of Dynamex Inc., a leading provider of same-day transportation services in North America. From October 2007 through September of 2008, Mr. Welch was a consultant and Interim Chief Executive Officer of JHT Holdings, Inc., a provider of truck transportation services. From June 2000 through January 2007, Mr. Welch served as President and Chief Executive Officer of Yellow Transportation, a leading provider of transportation services for industrial, commercial and retail goods. Mr. Welch joined Yellow Transportation in 1978, where he held various senior management positions prior to his appointment as President and Chief Executive Officer. Mr. Welch received his BS in Psychology from West Texas A&M. Mr. Welch currently serves on the Board of Directors of SkyWest, Inc. and was formerly served on the Boards of Spirit AeroSystems Holdings, Inc. and Roadrunner Transportation Services. Mr. Welch was selected as a director nominee because of his experience as the chief executive of transportation companies, his experience with air transportation, and because of his board experience with other aerospace companies. Mr. Welch will qualify as an "independent" director under the rules and regulations of the SEC and NASDAQ.

Board Composition

Concurrent with the closing of this offering, we expect our board of directors will consist of seven members, four of whom will qualify as "independent" under the rules and regulations of the SEC and NASDAQ.

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Concurrent with the closing of this offering, we will amend and restate our certificate of incorporation. In accordance with our second amended and restated certificate of incorporation, immediately after this offering, our board will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to the directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. The initial terms of the Class 1, Class 2, and Class 3 directors will expire in 2012, 2013, and 2014, respectively. Udo Rieder and an independent director will each serve as Class 1 directors, Quinn Morgan and two independent directors will each serve as Class 2 directors, and Kenneth Lau and an independent director will each serve as Class 3 directors.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Committees of the Board of Directors

Concurrent with the closing of this offering, we will establish the following committees of our board of directors.

Audit Committee

The audit committee will oversee our accounting and financial reporting processes and audits of our financial statements.

The members of the committee will be Hank Halter, Meredith Siegfried, and Gary R. Scott, each of whom will be "independent" directors according to the rules and regulations of the SEC and of NASDAQ. Each of these directors will be determined to be financially literate by our board and as required by the rules and regulations of NASDAQ, and one will be an "audit committee financial expert" as defined under SEC rules. The audit committee will operate under a written charter that will satisfy the applicable standards of the SEC and NASDAQ. The audit committee will also review and approve in advance any related person transaction, other than those that are pre-approved pursuant to pre-approval guidelines or rules established by the committee.

Compensation Committee

The compensation committee will:

- assist the board of directors in fulfilling its responsibilities relating to the design, administration, and oversight of employee compensation programs and benefit plans;
- discharge the board of directors' duties relating to the compensation of executive officers; and
- recommend matters relating to director compensation for the board of directors' approval.

The members of the committee will be James L. Welch, Meredith Siegfried, and Gary R. Scott, each of whom will be "outside directors" under Section 162(m) of the Internal Revenue Code (the "Code") and "independent" directors under the rules and regulations of the SEC and NASDAQ concurrent with the closing of this offering. No member of our compensation committee has served as one of our executive officers.

Compensation Committee Interlocks and Insider Participation