Erickson Air-Crane Inc
Form S-1/A
December 27, 2010

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As filed with the Securities and Exchange Commission on December 27, 2010

Registration No. 333-166752

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 5
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
Portland, Oregon 97239
(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) Previously paid.

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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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion,
Preliminary Prospectus dated December 27, 2010

PROSPECTUS

Shares

Erickson Air-Crane Incorporated

Common Stock

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 12 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 the 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 , 2011.

BofA Merrill Lynch **Stifel Nicolaus Weisel**

Gleacher & Company **BB&T Capital Markets**

The date of this prospectus is , 2011.

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, and can provide no 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 2007 ACQUISITION AND FINANCIAL STATEMENT PRESENTATION

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, throughout this prospectus we refer to periods ended on or prior to September 26, 2007 as "predecessor" periods and periods beginning on or after September 27, 2007 as "successor" periods. The predecessor period balance sheets reflect the historical accounting basis in our assets and liabilities, and the successor period balance sheets reflect the new basis in our assets and liabilities resulting from the acquisition.

Beginning September 27, 2007, the date of our acquisition, our operating results have been affected by fair value purchase accounting adjustments. These adjustments have altered the book value of our aircraft, property, plant and equipment, and aircraft support parts as of the acquisition date and have impacted our operating costs in each of the successor periods presented in this prospectus compared to the predecessor periods. For example, in accordance with fair value accounting rules, on the acquisition date, we reduced the book value of our aircraft support parts by $48 million. As a result of this adjustment, the cost of revenues in each of the successor periods presented 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 $18 million from the date of acquisition through December 31, 2009. Based on our past experience and historical inventory usage patterns, we expect to largely realize the benefit of the approximately $30 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 currently reflected on our balance sheet.

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 2011 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 completion of this offering. See "Capitalization" and "Executive Compensation 2011 Stock Incentive Plan" for additional information.

NOTE REGARDING FINANCIAL COVENANT COMPLIANCE

We anticipate that we will not be in compliance with certain financial debt covenants at December 31, 2010 under our credit agreement with Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, Keybank National Association, and Bank of the West, absent an amendment to the covenants. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness Senior Credit Facilities." When we negotiated our financial covenants, we had expected to include revenues from an Aircrane sale in 2010. We now do not expect to recognize Aircrane sales revenues until the first quarter of 2011. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition." We are discussing with our lenders amending our credit agreement or obtaining a waiver of compliance with the debt covenants at December 31, 2010. We expect to obtain an amendment or waiver before completing the offering described in this prospectus.

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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, a versatile and powerful heavy-lift helicopter. The Aircrane is the only commercial helicopter with a rear-load facing cockpit, which allows for precision lift and load placement. Our fleet of 17 owned S-64s and our specialized pilots and crews provide various aerial services, including firefighting, timber harvesting, and infrastructure construction, to government and commercial customers throughout the world. We also manufacture S-64s and related components for sale and provide maintenance, repair, and overhaul (MRO) services for the S-64 and other aircraft. In 2009, our Aerial Services and Manufacturing / MRO segments generated revenues of $113.6 million and $36.0 million, respectively. Our Aerial Service operations are seasonal and tend to peak in June through October and 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 positive cash flows, in the second half of the calendar year. In the first nine months of 2010, we had cash used in operations of $7.0 million. Our expected net operating cash inflows, including anticipated cash proceeds from aircraft sales (see "Summary Recent Developments"), together with our available credit facilities (assuming we obtain an amendment or waiver of covenant compliance at December 31, 2010 see "Note Regarding Financial Covenant Compliance) will provide us with sufficient liquidity to operate our business for the foreseeable future.

We own the Type and Production Certificates for the S-64, granting us exclusive design, manufacturing, and related rights for the aircraft and original equipment manufacturer (OEM) components. We continuously invest in new technologies and proprietary solutions with a goal of increasing our market share and entering new markets. We have made over 350 design improvements to the S-64 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. 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), and entered into an arrangement in December 2010 for the sale of an additional five Aircranes to a Chinese customer. The obligations of each party to perform under the December 2010 agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business Aircrane Sales."

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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 like ours. 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 contract backlog of $445.2 million as of December 15, 2010, of which $294.5 million was from signed contracts and $150.7 million was from anticipated contract extensions. We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the per cubic meter of high grade timber we expect to deliver under the contract based on our experience. As a result, there is no guarantee that all of the backlog attributable to some of our timber harvesting contracts, including $143.8 million of our estimate for the signed Asiatic Lumber Industries Sdn. Bhd. contract (of which $67.8 million is included in backlog from signed contracts and $76.0 million is included in backlog from anticipated contract extensions), will be realized. See "Business Backlog" for a discussion of how we define and calculate backlog. See "Risk Factors We have a significant backlog that may be deferred or may not be entirely realized."

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. We have production, maintenance, and logistics facilities in Central Point, Oregon. We currently maintain a year-round international presence with subsidiaries in Canada, Italy, and Malaysia, and a seasonal operating presence in Australia and Greece.

Our Competitive Strengths

Versatile Heavy-Lift Helicopter Solutions. The versatility and high payload capacity of the S-64, its proprietary mission-specific accessories, and the skill of our pilots and crew, make the S-64 an attractive solution for a wide variety of aerial services. We believe our fleet of 17 owned S-64 Aircranes is the largest commercial fleet of helicopters in the world capable of carrying loads in excess of 20,000 lbs and that our role as the manufacturer of the S-64, 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 S-64 aircraft, as well as aerial services, crewing, MRO, and aftermarket support. 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.

Established International Presence. During our history, we have operated in 16 countries across four 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, and Malaysia, and a seasonal operating presence in Australia and Greece.

Proprietary Technologies and Continuous Innovation. We have made over 350 design improvements to the S-64 and have developed a variety of innovative accessories for aerial services, including a 2,650 gallon firefighting tank and snorkel refill systems, a "heli harvester" for aerial timber harvesting, and an anti-rotation device and hoist that facilitates precision heavy load placement. We

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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 focus on building long-term relationships with key customers, some of whom have been continuous customers for more than 20 years, through reliable performance and a strong commitment to safety and service. We believe that our established relationships 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.

Experienced and Growth-Oriented Management Team. Our senior management team is composed of five individuals, including a former U.S. military helicopter pilot, with an average of 31 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 components 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. The seasonal differences between these countries and those we currently serve provide us with the opportunity to increase our global fleet utilization and are expected to give us more scale in each of the key regions in which we intend to grow.

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 are developing 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 aircraft and we expect this trend to continue as the global installed base of S-64s expands.

Increase Our S-64 Aircraft Sales. Our goal is to increase sales of the S-64 to existing and new customers. In addition to generating profits upon sale, increasing the installed base of S-64s is expected to augment demand for our crewing services, OEM components, and MRO, and other aftermarket services. We recently established a sales team that is solely focused on expanding Aircrane sales.

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 S-64. We recently entered into a non-binding memorandum of understanding with Bell Helicopter Textron Inc. (Bell) to negotiate terms for the exclusive design, certification, manufacture, and delivery of an enhanced fuel system for Bell's 214 helicopter model; however, there is no guarantee that we will enter into a binding agreement with Bell. We believe that we are also well-positioned to provide similar services for other aircraft, directly or in partnership with OEMs.

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, and hydraulic grapple. We have several new product applications and aircraft accessories under development, including a redesigned Automated Flight Control System, night vision cockpit instrumentation, an aerial vacuum lift device, composite main rotor blades, and a universal multi-purpose 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 service 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 strategy is subject to risks and uncertainties described in "Risk Factors."

Changes to Our Company Since Our 2007 Acquisition

Since our acquisition in 2007, we have added strong professional aerospace managers to our team and enhanced our business management systems.

Management. Within the last two years, we have added four of the five members of our senior management team, including our CEO and CFO, as well as Heads of Aircraft Manufacturing and MRO, and Aerial Services. 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 obtaining long-term contracts and increased our long-term backlog as of December 15, 2010 by $412.2 million to $445.2 million compared to September 26, 2007. We derived more than 50% of our 2009 revenues from long-term contracts, some of which extend beyond 2014. See "Business Backlog" for discussion of how we define and calculate backlog. See "Risk Factors we have a significant backlog that may be deferred or may not be entirely realized."

Increased MRO focus. We have begun to leverage our expertise with the S-64 to offer MRO services across similar aircraft platforms.

Increased effort to expand Aircrane sales. We have a sales group dedicated solely to expanding Aircrane sales. The new group has significantly increased our sales pipeline activities. 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) and entered into an arrangement in

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December 2010 for the sale of an additional five Aircranes to a Chinese customer. The obligations of each party to perform under the December 2010 agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Affecting Our Business Trends and Uncertainties Aircrane Sales."

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.

Recent Business Developments

Since September 30, 2010, we have had the following developments in our business.

On December 6, 2010 we entered into a non-binding memorandum of understanding with Wan Yu Industries Groups, Limited (China Taicang Aircrane Company, Limited) (Taicang) that includes:

The purchase of five S-64F Aircranes by Taicang, which Aircranes will be manufactured at our facility in Central Point, Oregon.

The cooperation with and support of Taicang in developing the capabilities and facilities required for the manufacture, marketing and support of the Aircrane in China.

Support in obtaining the Civil Aviation Administration of China certificate of airworthiness for the Aircranes that are operated in China.

The material terms of the purchase of the five S-64F Aircranes by Taicang were included in a separate agreement signed by both parties on December 8, 2010, as amended December 24, 2010. The obligations of each party under the agreement are conditioned on the payment by Taicang on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that Taicang will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if Taicang does not make the deposit. The five aircraft are to be delivered over a two year period beginning with the delivery of the first Aircrane February 28, 2011. The agreement specifies that the additional aircraft are to be delivered in the third fiscal quarter of 2011, and the first, second and third fiscal quarters of 2012. The agreement also contains the payment schedule for each aircraft, including advance payments based on the aircraft's expected delivery date, and terms for pilot and maintenance training, warranties and pricing incentives. We do not anticipate recognizing revenue in connection with this sale agreement in 2010. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business Aircrane Sales."

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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 S-64 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 $8.5 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, 2010, our total indebtedness, excluding letters of credit, was $88.3 million, consisting of $16.4 million borrowed under our revolving credit facility, $63.4 million borrowed under our term facility and $8.5 million borrowed under subordinated promissory notes. At September 30, 2010, we had maximum availability for borrowings under our revolving credit facility of approximately $43.2 million, and actual availability, as limited by our maximum leverage ratio covenant, of approximately $8.5 million. On June 30, 2010, concurrent with the refinancing of our senior debt, we used proceeds from the senior credit facilities to pay-down $11.5 million of our $20.0 million Second Lien Debt, with the remaining $8.5 million being exchanged to unsecured subordinated promissory notes. We expect to pay off the remaining $8.5 million, and accrued interest, with proceeds of this offering. Under the terms of our existing credit facility, we are prevented from paying down principal on the subordinated 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 S-64 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 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 2011 Stock Incentive Plan, which we intend to adopt prior to completing 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) 396,897 shares to certain members of senior management; (2) an estimated 17,500 shares to a broad base of our employees based on years of service with the company; and (3) an estimated 7,500 shares 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.

- 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, 2008 and 2009, for the period from January 1, 2007 through September 26, 2007, for the period from September 27, 2007 through December 31, 2007, and for the years ended December 31, 2008 and 2009 from our audited consolidated financial statements, which are included elsewhere in this prospectus.

Our consolidated balance sheet data as of September 30, 2010 and our consolidated statements of operations data and cash flows data for the nine months ended September 30, 2009 and 2010 are derived from our unaudited condensed consolidated financial statements and notes thereto included elsewhere in the prospectus. Our consolidated balance sheet data as of September 30, 2009 are derived from our unaudited condensed consolidated financial statements not included 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.

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)	Predecessor(1) 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	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
Consolidated Statement of Operations Data:						
Net revenues:						
Aerial services	$ 126,355	$ 25,524	$ 136,548	$ 113,603	$ 90,134	$ 82,358
Manufacturing / MRO	35,872	17,823	5,376	36,019	6,142	10,682
Total net revenues	162,227	43,347	141,924	149,622	96,276	93,040
Cost of revenues:						
Aerial Services	80,715	19,722	96,750	76,855	60,111	61,433
Manufacturing / MRO	24,360	13,065	5,019	21,272	3,784	6,047
Total cost of revenues	105,075	32,787	101,769	98,127	63,895	67,480
Gross profit	57,152	10,560	40,155	51,495	32,381	25,560
Operating expenses:						
General and administrative	12,711	4,211	14,010	14,877	8,873	9,717
Research and development	10,290	3,328	7,024	6,889	5,076	5,398
Selling and marketing	1,140	354	1,984	5,115	3,381	4,630
Total operating expenses	24,141	7,893	23,018	26,881	17,330	19,745
Operating income (loss)	33,011	2,667	17,137	24,614	15,051	5,815
Other income (expense):						
Interest income	205	95	305	157		19
Interest expense	(3,395)	(2,307)	(7,070)	(6,163)	(5,032)	(3,410)
Loss on early extinguishment of debt						(2,265)
Other income (expense)(2)	(1,207)	(12,906)	5,962	(987)	(1,161)	5,507
Total other income (expense)	(4,397)	(15,118)	(803)	(6,993)	(6,193)	(149)
Net income (loss) before income taxes and noncontrolling interest	28,614	(12,451)	16,334	17,621	8,858	5,666
Income tax expense (benefit)	10,000	(4,500)	6,000	5,330	3,000	3,360
Net income (loss)	18,614	(7,951)	10,334	12,291	5,858	2,306
Less: Net (income) loss related to noncontrolling interest(3)	(473)	232	(230)	(239)	133	(322)
Net income (loss) attributable to Erickson Air-Crane Incorporated	18,141	(7,719)	10,104	12,052	5,991	1,984
Dividends on series A redeemable preferred stock(4)		1,403	5,877	6,806	5,011	5,818
Net income (loss) attributable to common stockholders	$ 18,141	$ (9,122)	$ 4,227	$ 5,246	$ 980	$ (3,834)
Net income (loss)	18,614	(7,951)	10,334	12,291	5,858	2,306
Other comprehensive income (loss):						
Foreign currency translation adjustment	614	98	(540)	571	473	(135)
Comprehensive income (loss)	$ 19,228	$ (7,853)	$ 9,794	$ 12,862	$ 6,331	$ 2,171
Pro forma earnings (loss) per share (unaudited):(5)						
Basic	$ 2.45	$ (1.04)	$ 1.36	$ 1.63	$ 0.81	$ 0.27

Diluted	$ 2.25	$ (1.04)	$ 1.26	$ 1.50	$ 0.74	$ 0.25
Pro forma weighted average shares outstanding (unaudited):(5)						
Basic	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436
Diluted	8,049,387	7,405,436	8,049,387	8,049,387	8,049,387	8,049,387

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	As of December 31, 2008	As of December 31, 2009	As of September 30, 2010
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 2,303	$ 3,536	$ 1,762
Aircranes, property, plant and equipment, net	46,998	44,829	42,884
Working capital(6)	4,773	6,702	17,729
Total assets	168,369	178,967	200,922
Total debt(7)	86,208	80,546	88,249
Series A redeemable preferred stock(8)	42,279	49,085	54,903
Stockholders' equity:			
Common stock	1	1	1
Total stockholders' equity (deficit)	(4,454)	485	(3,162)

	Predecessor(1)		Successor			
(In thousands)	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
Consolidated Statement of Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	$ (3,966)	$ 24,818	$ (8,717)	$ 9,900	$ 8,727	$ (6,982)
Investing activities	667	(91,970)	546	(2,667)	(1,767)	(3,125)
Financing activities	1,152	69,737	2,111	(5,662)	(9,347)	6,291

	Predecessor(1)		Successor			
(In thousands, except percentages)	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
Other Financial Data:						
Gross margin %	35.2%	24.4%	28.3%	34.4%	33.6%	27.5%
Operating margin %	20.3%	6.2%	12.1%	16.5%	15.6%	6.3%
EBITDA (unaudited)(9)	$ 36,843	$ (8,905)	$ 27,537	$ 28,742	$ 17,878	$ 12,749

(1) The period from January 1, 2007 through September 26, 2007 does not include the effect of fair value purchase accounting adjustments resulting from our acquisition on September 27, 2007. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation" and "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 approximately $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 a net gain related to an aircraft accident in Malaysia of $6.3 million, after accounting for insurance proceeds.

(3) Effective January 1, 2009, we adopted the new accounting guidance for noncontrolling interests, which changed the accounting for and the reporting of minority interest, now referred to as noncontrolling interests. This resulted in the reclassification of minority interest amounts, previously classified as a separate component of equity, to "Noncontrolling Interest," a component within permanent equity on the consolidated balance sheets. Additionally, net income (loss) and comprehensive income (loss) attributable to noncontrolling interests are reflected separately from consolidated net income (loss) and comprehensive income (loss) on the consolidated statements of operations and statements of changes in stockholders' deficit. We applied the new accounting guidance prospectively, except for the presentation and disclosure requirements, which have been applied retroactively for all periods presented.

(4)

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."

(5)

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 421,897 shares, or rights to receive shares, concurrently with this offering under our proposed 2011 Stock Incentive Plan (except for the periods September 27, 2007 through December 31, 2007 and the nine months ended September 30, 2009 and 2010 because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2011 Stock Incentive Plan."

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

(7) Debt is comprised of our revolving line of credit, our term loan, and our subordinated promissory notes. In June 2010, we replaced our revolving line of credit 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."

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

(9) EBITDA is defined as net income (loss) before interest expense, provision for (benefit from) income taxes, and depreciation and amortization. EBITDA is not a financial measurement prepared in accordance with GAAP and should not be considered as an alternative to 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 the 2007 acquisition or otherwise 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.

A reconciliation of net income (loss) to EBITDA is provided.

	Predecessor(1)	Successor				
(In thousands)	**Period From January 1, 2007 through September 26, 2007**	**Period From September 27, 2007 through December 31, 2007**	**Year Ended December 31, 2008**	**Year Ended December 31, 2009**	**Nine Months Ended September 30, 2009**	**Nine Months Ended September 30, 2010**
EBITDA Reconciliation:						
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 18,141	$ (7,719)	$ 10,104	$ 12,052	$ 5,991	$ 1,984
Interest expense, net	3,190	2,212	6,765	6,006	5,032	3,391
Tax expense (benefit)	10,000	(4,500)	6,000	5,330	3,000	3,360
Depreciation	5,440	901	3,863	4,378	3,225	3,462
Amortization of debt issuance costs	72	201	805	976	630	552
EBITDA	$ 36,843	$ (8,905)	$ 27,537	$ 28,742	$ 17,878	$ 12,749

We use an adjusted EBITDA (Bank EBITDA) to monitor compliance with various financial covenants under our credit agreements. Under the credit agreement we entered into in June 2010, in addition to adjusting net income (loss) to exclude interest expense, 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, 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, IPO related non-capitalized expenses up to a maximum of $2.0 million and other unusual, extraordinary, non-recurring non-cash costs. 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."

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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 7.3 incidents per 1,000 flight hours and 0.08 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. See "Business Legal Proceedings" and Note 10 to our consolidated financial statements for the nine months ended September 30, 2010. 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 program can guarantee accidents will not occur. Since 2003, we have experienced an average of 7.3 incidents per 1,000 flight hours and 0.08 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. See "Business Legal Proceedings" and Note 10 to our consolidated financial statements for the nine months ended September 30, 2010.

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, and in the periods presented in this prospectus, recognized revenues on Aircrane sales when the aircraft is delivered to a customer. We expect to begin accounting for Aircrane sales using the percentage of completion method of accounting. 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 all 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. For firefighting, 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

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aircraft. For logging, 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 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 Australia Fire Service, the Los Angeles City and County Fire Departments, the Italian Ministry of Civil Protection, and Samling Global. Approximately 57% of our 2009 revenues were attributable to these customers. 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.

In 2009, approximately 10.5% of our revenues were derived from our agreement with Intelligent Communication Systems and Services S.A. (ICSS). Under this agreement, we leased our Aircranes, and provided associated crewing and maintenance services to ICSS, which provided firefighting services to the Hellenic Fire Brigade, a Greek governmental agency. At September 30, 2010, our receivable related to this arrangement was approximately €2.8 million. Of this amount, approximately €450,000 is due upon our reaching agreement with ICSS concerning certain of its expenses previously submitted to us; approximately €1.4 million is payable to us upon the completion of Greek government tax audits of ICSS (based on our prior years' experience we will consider this amount to be past due if we do not receive it by September 30, 2012); and approximately €850,000 is payable to us upon the earlier of (i) completion of Greek government tax audits of ICSS and (ii) September 30, 2012. Our ability to collect this receivable from ICSS depends on its ability to collect from the Hellenic Fire Brigade. In June, we entered into an agreement to provide firefighting services directly to the Hellenic Fire Brigade. Because of concerns relating to the economic crisis in Greece, including concerns relating to Greece's ability to pay its debts as they become due, we negotiated and have received advance payments comprising approximately 50% of the revenues from June 2010 through December 2010 under our June 2010 agreement. If ICSS or the Hellenic Fire Brigade defaults on obligations under prior or current agreements, our business, financial condition, and results of operations would be adversely affected. In addition, changes in economic and other conditions affecting our significant customers may impact our overall credit risk.

We have a significant backlog that 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 December 15, 2010, we had approximately $445.2 million of backlog, of which $294.5 million was from signed contracts and $150.7 million was from anticipated contract extensions. 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 an aircraft sale contract has been signed with a customer, the purchase price of the aircraft is included in backlog. 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. For example, although the new ten-year agreement (five base years, with an option for five additional years) we entered into in June 2010 with Asiatic Lumber Industries Sdn. Bhd. to harvest tropical timber from the

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Yayasan Sabah concession in Sabah, Malaysia provides for no guaranteed minimum number of hours to be flown by us, we have included estimated revenue of $143.8 million (of which $67.8 million is included in backlog from signed contracts and $76.0 million is included in backlog from anticipated contract extensions) from this timber harvesting agreement in our backlog based on our past experience and the area of forest contemplated under the agreement. 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. 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.

Our backlog at December 15, 2010 includes expected revenues from Aircrane sales to a new Chinese customer. Additional risks with respect to the sale agreement with that customer are described below under " Our recent arrangements with a Chinese customer, from which we anticipate significant revenues in 2011 and 2012, depend on future events which are not certain."

Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties.

On December 6, 2010 we entered into a non-binding memorandum of understanding with Wan Yu Industries Groups, Limited (China Taicang Aircrane Company, Limited) (Taicang) that includes:

- The purchase of five S-64F Aircranes by Taicang, which Aircranes will be manufactured at our facility in Central Point, Oregon.

- The cooperation with and support of Taicang in developing the capabilities and facilities required for the manufacture, marketing and support of the Aircrane in China.

- Support in obtaining the Civil Aviation Administration of China certificate of airworthiness for the Aircranes that are operated in China.

The material terms of the purchase of the five S-64F Aircranes by Taicang were included in a separate agreement signed by both parties on December 8, 2010, as amended December 24, 2010. The obligations of each party under the agreement are conditioned on the payment by Taicang on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that Taicang will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if Taicang does not make the deposit.

To complete the purchase of the aircraft described in the December 2010 agreement and the transactions contemplated in the memorandum of understanding, Taicang may require additional approvals from various government entities, including approvals to release funding allocated to the purchases, which may not be forthcoming. In addition, under the non-binding memorandum of understanding, Taicang is relying on our assistance to build a capacity to manufacture our aircraft, and Taicang has limited experience with the type of aircraft we manufacture and operate, which could make our collaboration difficult and could increase our costs of providing support and diminish the expected benefit to us of such collaboration. Similarly, we have had limited experience in China. See " Our business is subject to risks associated with international operations, including operations in emerging markets."

We do not anticipate recognizing revenue in connection with this sale agreement in 2010. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and

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Uncertainties Affecting Our Business Aircrane Sales." The aircraft sales to Taicang represent a significant portion of our anticipated revenues in 2011 and 2012 and they are included in the backlog figures presented in this prospectus. If they do not materialize as expected, our expected operating results would be materially and adversely affected.

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 2009, for example, approximately 40% 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.

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. 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;

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- 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.

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 chief executive officer, Udo Rieder, our chief financial officer, Charles Ryan, and our vice president of aerial services, Mac McClaren. 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 have been 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 are a defendant in a number of 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.

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 Federal Aviation Administration (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.

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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 "Legal Matters" 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 service 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 Aircrane 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.

Our reliance on the S-64 could harm our business and financial results if technical difficulties specific to the S-64 occur.

We exclusively fly and manufacture S-64s and related components. If the S-64 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 S-64 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 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 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. In fiscal 2009, approximately half of our total revenues were attributable to operations in non-U.S. countries. For the nine months ended September 30, 2010, approximately 63% of our total revenues were attributable to operations in non-U.S. countries. In addition, we recently entered into an agreement for the sale of five Aircranes over two years to a purchaser in China; the obligations of each party to perform under the agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. We would expect to deliver the five aircraft under the agreement in 2011 and 2012. 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:

- 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;
- 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; and
- the risk of government-financed competition.

Part of our growth strategy is to enter new markets, including emerging market countries such as China. Emerging market countries have less developed economies that are more vulnerable to economic and political problems and may experience significant fluctuations in gross 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. 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 12 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.

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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.

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, 2010, our total indebtedness, excluding letters of credit, was $88.3 million, consisting of $16.4 million borrowed under our revolving credit facility, $63.4 million borrowed under our term facility and $8.5 million borrowed under subordinated promissory notes. At September 30, 2010, we had maximum availability for borrowings under our revolving credit facility of approximately $43.2 million, and actual availability, as limited by our maximum leverage ratio covenant, of approximately $8.5 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 anticipate that we will not be in compliance with certain financial debt covenants at December 31, 2010 under our credit agreement, absent an amendment to the covenants. We are discussing with our lenders amending our credit agreement or obtaining a waiver of compliance with the debt covenants at December 31, 2010. 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 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.

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

- A minimum tangible net worth amount;
- A minimum fixed charge coverage ratio; and
- A maximum leverage ratio

The maximum leverage ratio (Funded Indebtedness, as defined in our credit agreement, divided by Bank EBITDA) under our senior credit facilities was 4.00:1 for the fiscal quarter ended September 30, 2010. Our actual leverage ratio was 3.65 at September 30, 2010. We are required to reduce our leverage ratio to a maximum of 3.75 to 1.00 at December 31, 2010.

We are also subject to a minimum tangible net worth covenant and a minimum fixed charge ratio covenant. The minimum tangible net worth covenant at September 30, 2010 under our senior credit facilities was $58.0 million. Our calculated tangible net worth was $61.9 million at September 30, 2010. The minimum tangible net worth ratio will remain at $58.0 million at December 31, 2010. The minimum fixed charge coverage ratio at September 30, 2010 under our senior credit facilities was 1.75 to 1.0. Our calculated minimum fixed charge coverage ratio was 1.77 to 1.0 at September 30, 2010. The minimum fixed charge coverage covenant will remain at 1.75 to 1.0 at December 31, 2010. We anticipate that we will not be in compliance with certain financial debt covenants at December 31, 2010 under our credit agreement, absent an amendment to the covenants. We are discussing with our lenders amending our credit agreement or obtaining a waiver of compliance with the debt covenants at December 31, 2010.

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

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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 S-64 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 S-64 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.

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 completion 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, our company, historically, has 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.

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.

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General economic conditions and recent market events may expose our company 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. We cannot assure you 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, Portugal, and Spain 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.

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 completion of this offering. The initial public offering price of our shares will be determined by negotiations between us and representatives of the underwriters. Our common stock may trade at a lower price upon completion 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 representatives 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 173,500 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 (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 completion 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 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 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 our company 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 S-64 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 S-64 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 our company, 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;
- the effects of increased competition in our business;
- our ability to accurately forecast 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 and manage our international expansion;
- 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 S-64 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 S-64 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, 2010, our total indebtedness, excluding letters of credit, was $88.3 million, consisting of $16.4 million borrowed under our revolving credit facility, $63.4 million borrowed under our term facility and $8.5 million borrowed under subordinated promissory notes. At September 30, 2010, we had maximum availability for borrowings under our revolving credit facility of approximately $43.2 million, and actual availability, as limited by our maximum leverage ratio covenant, of approximately $8.5 million. When we refinanced our credit facility in June 2010, we retained $8.5 million of our unsecured subordinated notes to provide for additional borrowing capacity under the credit facility, recognizing that the proceeds of this offering were intended to be used to pay off the remaining amounts owed under the subordinated notes. Under the terms of our existing credit facility, we are prevented from paying down principal on the subordinated notes unless such payments are made with the proceeds of this offering.

At September 30, 2010, the interest rate on borrowings under our revolving credit facility, which terminates on June 24, 2013, was 4.50%, which was calculated based on the prime rate as quoted by Wells Fargo. As of September 30, 2010, there was $16.4 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, 2010, the interest rate under our unsecured subordinated promissory notes was 20% and the outstanding balance under the notes, which mature on June 30, 2015, was $8.5 million. The unsecured subordinated notes were issued in connection with the partial pay-down of our second lien debt. 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, 2010:

- on an actual basis;
- on a pro forma basis after giving effect to the completion of our recapitalization; and
- on a pro forma 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, 2010		
	Actual	**Pro Forma**	**Pro Forma As Adjusted**
	($ in thousands)		
Cash and cash equivalents	$ 1,762	$ 1,762	
Debt:			
Revolving credit facility	16,374	16,374	
Term debt	63,375	63,375	
Unsecured subordinated promissory notes	8,500	8,500	
Series A redeemable preferred stock, $0.0001 par value: 70,000 shares authorized, 34,999.5 shares issued and outstanding	54,903		
Stockholders' equity:			
Common stock, $0.0001 par value: 2,000 class A shares authorized, 1,000 shares issued and outstanding; 300 class B shares authorized, no shares issued and outstanding	1		
Preferred stock, $0.0001 par value: shares authorized, no shares issued and outstanding			
Common stock, $0.0001 par value: shares authorized, shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted		54,904	
Accumulated earnings (deficit)	(4,365)	(4,365)	
Accumulated other comprehensive income	46	46	
Noncontrolling interest	1,156	1,156	
Total stockholders' equity (deficit)	(3,162)	51,741	
Total capitalization	139,990	139,990	

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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. Our net tangible book value at September 30, 2010 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, 2010 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, 2010	$	
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, 2010, 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					

The above table excludes 643,951 shares of common stock reserved for issuance under our 2011 Stock Incentive Plan, which we intend to adopt prior to completing 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) 396,897 shares to certain members of senior management; (2) an estimated 17,500 shares of restricted stock to a broad base of our employees based on years of service with the company; 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 summary consolidated financial and other data. We derived our summary consolidated financial and other data as of December 31, 2008 and 2009, for the period from January 1, 2007 through September 26, 2007, for the period from September 27, 2007 through December 31, 2007, and for the years ended December 31, 2008 and 2009 from our audited consolidated financial statements, which are included elsewhere in this prospectus.

Our consolidated balance sheet data as of September 30, 2010 and our consolidated statements of operations data and cash flow data for the nine months ended September 30, 2009 and 2010 are derived from our unaudited condensed consolidated financial statements and notes thereto included elsewhere in the prospectus. Our consolidated balance sheet data as of September 30, 2009 are derived from our unaudited condensed consolidated financial statements not included 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.

The selected consolidated balance sheet data of the predecessor as of December 31, 2005 and 2006, and the selected consolidated statement of operations and cash flow data of the predecessor for the years then ended, have been derived from audited consolidated financial statements which are not presented 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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	Predecessor(1)				Successor			
	Year Ended December 31, 2005	Year Ended December 31, 2006	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
(In thousands, except share and per share amounts)								
Consolidated Statement of Operations Data:								
Net revenues:								
Aerial services			$ 126,355	$ 25,524	$ 136,548	$ 113,603	$ 90,134	$ 82,358
Manufacturing / MRO			35,872	17,823	5,376	36,019	6,142	10,682
Total net revenues	$ 162,267	$ 189,948	$ 162,227	$ 43,347	$ 141,924	$ 149,622	$ 96,276	$ 93,040
Cost of revenues:								
Aerial services			80,715	19,722	96,750	76,855	60,111	61,433
Manufacturing / MRO			24,360	13,065	5,019	21,272	3,784	6,047
Total cost of revenues	109,788	135,333	105,075	32,787	101,769	98,127	63,895	67,480
Gross profit	52,479	54,615	57,152	10,560	40,155	51,495	32,381	25,560
Operating expenses:								
General and administrative			12,711	4,211	14,010	14,877	8,873	9,717
Research and development			10,290	3,328	7,024	6,889	5,076	5,398
Selling and marketing			1,140	354	1,984	5,115	3,381	4,630
Total operating expenses	20,382	26,750	24,141	7,893	23,018	26,881	17,330	19,745
Operating income (loss)	32,097	27,865	33,011	2,667	17,137	24,614	15,051	5,815
Other income (expense):								
Interest income	293	594	205	95	305	157		19
Interest expense	(4,785)	(4,286)	(3,395)	(2,307)	(7,070)	(6,163)	(5,032)	(3,410)
Loss on early extinguishment of debt								(2,265)
Other income (expense)(2)	12,052	1,662	(1,207)	(12,906)	5,962	(987)	(1,161)	5,507
Total other income (expense)	7,560	(2,030)	(4,397)	(15,118)	(803)	(6,993)	(6,193)	(149)
Net income (loss) before income taxes and noncontrolling interest	39,657	25,835	28,614	(12,451)	16,334	17,621	8,858	5,666
Income tax expense (benefit)	17,800	6,100	10,000	(4,500)	6,000	5,330	3,000	3,360
Net income (loss)	21,857	19,735	18,614	(7,951)	10,334	12,291	5,858	2,306
Less: Net (income) loss related to noncontrolling interest(3)		(257)	(473)	232	(230)	(239)	133	(322)
Net income (loss) attributable to Erickson Air-Crane Incorporated	21,857	19,478	18,141	(7,719)	10,104	12,052	5,991	1,984
Dividends on series A redeemable preferred stock(4)				1,403	5,877	6,806	5,011	5,818
Net income (loss) attributable to common stockholders	$ 21,857	$ 19,478	$ 18,141	$ (9,122)	$ 4,227	$ 5,246	980	(3,834)
Net income (loss)	21,857	19,735	18,614	(7,951)	10,334	12,291	5,858	2,306
Other comprehensive income (loss):								
Foreign currency translation adjustment	23	(17)	614	98	(540)	571	473	(135)
Comprehensive income (loss)	$ 21,880	$ 19,718	$ 19,228	$ (7,853)	$ 9,794	$ 12,862	$ 6,331	$ 2,171

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	Predecessor(1)				Successor			
	Year Ended December 31, 2005	Year Ended December 31, 2006	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
Earnings (loss) per share attributable to common stockholders								
Basic	$ 10,928.50	$ 9,739.00	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ 5,857.89	$ 2,305.69
Diluted	$ 10,928.50	$ 9,739.00	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ 5,857.89	$ 2,305.69
Weighted average shares outstanding								
Basic	2,000	2,000	2,000	1,000	1,000	1,000	1,000	1,000
Diluted	2,000	2,000	2,000	1,000	1,000	1,000	1,000	1,000
Pro forma earnings (loss) per share (unaudited):(5)								
Basic	$ 2.95	$ 2.63	$ 2.45	$ (1.04)	$ 1.36	$ 1.63	$ 0.81	$ 0.27
Diluted	2.72	$ 2.42	$ 2.25	$ (1.04)	$ 1.26	$ 1.50	$ 0.74	$ 0.25
Pro forma weighted average shares outstanding (unaudited):(5)								
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	8,049,387	7,405,436	8,049,387	8,049,387	8,049,387	8,049,387

	Predecessor(1)		Successor			
	As of December 31, 2005	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of December 31, 2009	As of September 30, 2010
(In thousands)						
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 9,696	$ 8,946	$ 9,675	$ 2,303	$ 3,536	$ 1,762
Aircranes, property, plant and equipment, net	44,064	43,707	46,804	46,998	44,829	42,884
Working capital (deficit)(6)	(16,507)	7,625	5,359	4,773	6,702	17,729
Total assets	184,731	198,335	162,740	168,369	178,967	200,922
Total debt(7)	26,229	44,181	84,097	86,208	80,546	88,249
Series A redeemable preferred stock(7)			36,402	42,279	49,085	54,903
Stockholders' equity:						
Common stock	2,000	2,000	1	1	1	1
Total stockholders' equity (deficit)	76,623	96,353	(8,008)	(4,454)	485	(3,162)

Predecessor(1)				Successor			
Year Ended December 31, 2005	Year Ended December 31, 2006	Period from January 1, 2007 through September 26,	Period from September 27, 2007 through December 31,	Year Ended December 31, 2008	Year Ended December 31, 2009	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010

			2007	2007				
(In thousands)								
Consolidated Statement of Cash Flow Data:								
Net cash provided by (used in):								
Operating activities	$ (5,707)	$ (10,638)	$ (3,966)	$ 24,818	$ (8,717)	$ 9,900	$ 8,727	$ (6,982)
Investing activities	14,872	(7,766)	667	(91,970)	546	(2,667)	(1,767)	(3,125)
Financing activities	(3,046)	17,680	1,152	69,737	2,111	(5,662)	(9,347)	6,291

(1)

2005, 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 "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation" and "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, 2005 includes gains of $7.1 million in mark-to-market foreign currency adjustments and a $5.6 million gain related to an insurance settlement with respect to an Aircrane accident; for the period ended

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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 a net gain related to an aircraft accident in Malaysia of $6.3 million, after accounting for insurance proceeds.

(3)

Effective January 1, 2009, we adopted the new accounting guidance for noncontrolling interests, which changed the accounting for and the reporting of minority interest, now referred to as noncontrolling interests. This resulted in the reclassification of minority interest amounts, previously classified as a separate component of equity, to "Noncontrolling Interest," a component within permanent equity on the consolidated balance sheets. Additionally, net income (loss) and comprehensive income (loss) attributable to noncontrolling interests are reflected separately from consolidated net income (loss) and comprehensive income (loss) on the consolidated statements of operations and statements of changes in stockholders' deficit. We applied the new accounting guidance prospectively, except for the presentation and disclosure requirements, which have been applied retroactively for all periods presented.

(4)

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."

(5)

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 421,897 shares, or rights to receive shares, concurrently with this offering under our proposed 2011 Stock Incentive Plan, (except for the periods September 27, 2007 through December 31, 2007 and the nine months ended September 30, 2009 and 2010, because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2011 Stock Incentive Plan."

(6)

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

(7)

Debt is comprised of our revolving line of credit, our term loan, and our subordinated promissory notes. In June 2010, we replaced our revolving line of credit 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."

(8)

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

As noted in the "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation," our company was acquired in a merger transaction on September 27, 2007. We refer to the periods ended on or prior to September 26, 2007 as "predecessor" periods, and periods beginning on or after September 27, 2007 as "successor" periods. Below, we compare our results of operations for 2008 to each of the 2007 successor period and the 2007 predecessor period. As a result, differences between periods are largely attributable to the different lengths of the periods being compared. In addition, as a result of the application of fair value purchase accounting as of the acquisition date, financial information for the 2007 predecessor period is not fully comparable to financial information for 2008, particularly with respect to costs associated with the sale of support parts, interest expense, depreciation, and amortization. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation."

Overview of the Business

We specialize in the operation and manufacture of the Erickson S-64 Aircrane, a versatile and powerful heavy-lift helicopter. The S-64 Aircrane has a lift capacity of up to 25,000 lbs. and is the only commercial aircraft built specifically as a flying crane without a fuselage for internal loads. The S-64 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 a fleet of 17 S-64s which we use to support a wide variety of government and commercial customers across a broad range of critical aerial services, including firefighting, timber harvesting, and infrastructure construction. We also manufacture S-64s and related components for sale to government and commercial customers and provide MRO services for the S-64 and other aircraft.

Our operations are aggregated into two reportable segments based on the nature of the product and services offered: Aerial Services; and Aircraft Manufacturing and Maintenance, Repair, and Overhaul (Manufacturing / MRO).

Through our Aerial Services segment we offer a broad range of heavy-lift helicopter services using our worldwide fleet, including firefighting, timber harvesting, and infrastructure construction, and related crewing services. Our engineering staff has developed enhanced mission-specific capabilities and modifications for the S-64 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 growing 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 Federal Aviation Administration and European Aviation Safety Agency certified MRO services in our AS9100 certified facility. We also offer cost per hour (CPH) contracts pursuant to which we provide all 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.

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Sales and Marketing

To maintain and strengthen our position in the Aerial Service market, we monitor revenue flight hours and aggregate revenues from firefighting, logging, 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, with individual metrics for each of our various operating geographies. We maintain a master fleet schedule and attempt to maximize Aircrane utilization and revenues by minimizing our "white space," or Aircrane idle time.

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. Our revenues are compared 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 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.

Key corporate projects and research and development projects are evaluated 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-factors related causes. All metrics are measured 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 three critical metrics: Bank EBITDA (see " Bank EBITDA"), revenue growth, and free cash flow.

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 forecast financial results, 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, crewing services, and infrastructure construction projects. 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

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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 S-64 Aircrane but lack qualified operating personnel, we offer pilots and field maintenance crews on annual or multi-year contracts. We have contracts in place crewing five of the nine aircraft we have sold since 2002.

Manufacturing / MRO. Our Manufacturing / MRO revenue is derived from the sale of S-64 Aircranes, from the sale of aircraft components, and from providing MRO and CPH services to various customers.

S-64 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 S-64 rather than leasing our fleet's services. We have sold nine S-64s since 2002 and we entered into an arrangement in December 2010 to sell five S-64s to a Chinese customer. The obligations of each party to perform under the agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012.

Component Part Sales. We have an ongoing revenue stream from customers who own or operate either S-64s or the military version, CH-54, 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 S-64s, 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 all 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; 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. As a result of the purchase accounting adjustments in connection with the 2007 acquisition, cost of revenues in successor periods reflects the lower carrying value of our Aircrane

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support parts that have been sold or used in our maintenance, repair and overhaul operations. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation."

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.

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.

Other Income (Expense), Net. Our other income (expense) consists 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, due diligence expenses, 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 largely self-hedged, with the majority of our European, Canadian, 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 any 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. 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. In addition, we recorded certain fair value purchase accounting adjustments which have affected cost of revenues for successor periods. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation."

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 between 2005 and 2009, we sold one, three, three, zero, and one Aircrane(s), respectively. Since 2002, we have sold and delivered nine Aircranes, and we entered into an arrangement in December 2010 for the sale of an additional five Aircranes to a Chinese customer. The obligations of each party to perform under the agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012. 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 S-64 Aircrane we sold to the customer in 2009. The exercise price would be the fair market value of the S-64 Aircrane, determined by independent

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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 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 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 include a put option, including, for example, our December 2010 agreement with Wan Yu Industries Groups, Limited (China Taicang Aircrane Company, Limited) (Taicang). 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 have historically, and 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, including our sales of aircraft under our agreement with Taicang, using the percentage of completion accounting method. We do not, however, anticipate recognizing significant revenue in the fourth quarter of 2010 in connection with our agreement to sell aircraft to Taicang because we attribute percentage completion revenue to an aircraft only if it is built pursuant to a firm agreement, and the aircraft we expect to deliver to Taicang in the first quarter of 2011 was substantially completed before December 8, 2010, the date we entered into the contract with Taicang. 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 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, any changes in these estimates may have significant impacts on our earnings."

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 somewhat 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.

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Results of Operations

Nine Months Ended September 30, 2010 Compared to Nine Months Ended September 30, 2009

The following table presents our consolidated operating results for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009:

	Nine Months Ended September 30, 2009 (in 000s)	% of Revenues	Successor Nine Months Ended September 30, 2010 (in 000s)	% of Revenues	Change (in 000s)	Change %
Net revenues:						
Aerial Services	$ 90,134	93.6	$ 82,358	88.5	$ (7,776)	(8.6)
Manufacturing / MRO	6,142	6.4	10,682	11.5	4,540	73.9
Total revenues	96,276	100.0	93,040	100.0	(3,236)	(3.4)
Cost of revenues:						
Aerial Services	60,111	66.7	61,433	74.6	1,322	2.2
Manufacturing / MRO	3,784	61.6	6,047	56.6	2,263	59.8
Total cost of revenues	63,895	66.4	67,480	72.5	3,585	5.6
Gross profit						
Aerial Services	30,023	33.3	20,925	25.4	(9,098)	(30.3)
Manufacturing / MRO	2,358	38.4	4,635	43.4	2,277	96.6
Total gross profit	32,381	33.6	25,560	27.5	(6,821)	(21.1)
Operating expenses:						
General and administrative	8,873	9.2	9,717	10.4	844	9.5
Research and development	5,076	5.3	5,398	5.8	322	6.3
Selling and marketing	3,381	3.5	4,630	5.0	1,249	36.9
Total operating expenses	17,330	18.0	19,745	21.2	2,415	13.9
Income (loss) from operations	15,051	15.6	5,815	6.3	(9,236)	(61.4)
Other income (expense), net:						
Interest expense, net	(5,032)	(5.2)	(3,391)	(3.6)	1,641	(32.6)
Loss on early extinguishment of debt			(2,265)	(2.4)	(2,265)	(100.0)
Other income (expense), net	(1,161)	(1.2)	5,507	5.9	6,668	(574.3)
Total other income (expense)	(6,193)	(6.4)	(149)	(0.2)	6,044	(97.6)
Net income (loss) before income taxes and noncontrolling interest	8,858	9.2	5,666	6.1	(3,192)	(36.0)
Income tax expense (benefit)	3,000	3.1	3,360	3.6	(360)	(12.0)
Net income (loss)	5,858	6.1	2,306	2.5	(3,552)	(60.6)
Less: Net (income) loss related to noncontrolling interest	133	0.1	(322)	(0.3)	(455)	(342.1)
Net income (loss) attributable to Erickson Air-Crane Incorporated	5,991	6.2	1,984	2.1	(4,007)	(66.9)
Dividends on Series A redeemable preferred stock	5,011	5.2	5,818	6.3	807	16.1
	$ 980	1.0	$ (3,834)	(4.1)	$ (2,854)	(291.2)

Net income (loss) attributable to common stockholders

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Revenues

Consolidated revenue decreased by $3.2 million, or 3.4%, to $93.0 million in the 2010 period from $96.3 million in the 2009 period. The decrease in revenues was attributable to a $7.8 million decrease in Aerial Services revenues, partially offset by a $4.5 million increase in Manufacturing / MRO revenues.

	Nine Months Ended September 30, 2009 (in 000s)	% of Revenues	Successor Nine Months Ended September 30, 2010 (in 000s)	% of Revenues	Change (in 000s)	Change %
Net revenues:						
Aerial Services	$ 90,134	93.6	$ 82,358	88.5	$ (7,776)	(8.6)
Manufacturing / MRO	6,142	6.4	10,682	11.5	4,540	73.9
Total revenues	96,276	100.0	93,040	100.0	(3,236)	(3.4)

Aerial Services. Aerial Services revenue decreased by $7.8 million, or 8.6%, to $82.4 million in the 2010 period from $90.1 million in the 2009 period. Revenue flight hours for Aerial Services during the 2010 period decreased 11.5% to 5,849 hours from 6,606 hours in the 2009 period.

The following are our revenue and revenue flight hours by type of service for the nine months ended September 30, 2010 and 2009:

	Nine Months Ended September 30, 2009 (in 000s)	Successor Nine Months Ended September 30, 2010 (in 000s)	Change (in 000s)	Change %
Aerial Services Revenue:				
Firefighting	$ 64,606	$ 44,973	$ (19,633)	(30.4)
Timber Harvesting	15,735	21,624	5,889	37.4
Infrastructure Construction	5,730	4,443	(1,287)	(22.5)
Crewing	4,063	11,318	7,255	178.6
Total Aerial Services revenue	$ 90,134	$ 82,358	$ (7,776)	(8.6)

	Nine Months Ended September 30, 2009	Successor Nine Months Ended September 30, 2010	Change	Change %
Aerial Services Revenue Flight Hours:				
Firefighting	3,146	1,692	(1,454)	(46.2)
Timber Harvesting	2,421	3,015	594	24.5
Infrastructure Construction	373	268	(105)	(28.2)
Crewing	666	874	208	31.2
Total Aerial Services revenue flight hours	6,606	5,849	(757)	(11.5)

Firefighting revenue decreased by $19.6 million, or 30.4%, to $45.0 million in the 2010 period from $64.6 million in the 2009 period. This decrease was largely due to decreases in firefighting revenues in Canada of $4.7 million and in Australia of $4.4 million in the 2010

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period compared to the 2009 period partially offset by a $2.0 million increase in firefighting revenues in the United States. In 2009, both Canada and Australia experienced strong 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 the 2010 period. In addition to the aggregate decrease, as a result of a contract restructuring with a European customer, 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 $9.3 million in crewing and CPH services in the 2010 period compared to the 2009 period.

Timber Harvesting revenue increased by $5.9 million, or 37.4%, to $21.6 million in the 2010 period from $15.7 million in the 2009 period. This increase was primarily due to revenues from a new Malaysian customer in the 2010 period.

Infrastructure Construction revenue decreased by $1.3 million, or 22.4%, to $4.4 million in the 2010 period from $5.7 million in the 2009 period, primarily due to shorter-duration jobs and lower construction hours flown in the 2010 period compared to the 2009 period.

Crewing revenue increased by $7.3 million, or 178.6%, to $11.3 million in the 2010 period from $4.1 million in the 2009 period. 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.

Manufacturing / MRO. Manufacturing / MRO revenue increased by $4.5 million to $10.7 million in the 2010 period from $6.1 million in the 2009 period. The increase in revenue was primarily the result of a transition to a CPH contract from an Aerial Services contract with a significant European customer.

Gross Profit

Consolidated gross profit decreased by $6.8 million, or 21.2%, to a profit of $25.5 million in the 2010 period from a profit of $32.4 million in the 2009 period. The decrease was attributable to a decrease in Aerial Services gross profit of $9.2 million, offset by an increase in gross profit from Manufacturing / MRO of $2.3 million in the 2010 period.

	Successor					
	Nine Months Ended September 30, 2009	**% of Revenues**	**Nine Months Ended September 30, 2010**	**% of Revenues**	**Change**	**Change**
	(in 000s)		**(in 000s)**		**(in 000s)**	**%**
Gross profit						
Aerial Services	30,023	33.3	20,925	25.4	(9,098)	(30.3)
Manufacturing / MRO	2,358	38.4	4,635	43.4	2,277	96.6
Total gross profit	32,381	33.6	25,560	27.5	(6,821)	(21.1)

Aerial Services. Aerial Services gross profit decreased by $9.1 million, or 30.3%, to $20.9 million in the 2010 period from $30.0 million in the 2009 period. Gross profit margin was 25.4% in the 2010 period compared to 33.3% in the 2009 period. The revenue decrease of $7.8 million for the 2010 period compared to the 2009 period was the primary reason for the gross profit decline; certain costs of Aerial Services revenues are fixed in nature, and the decrease in flight hour revenues directly

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impacted our operating margins and results. Additionally, an aircraft accident in June 2010 resulted in a $2.1 million retroactive adjustment in insurance premiums in the 2010 period.

Manufacturing / MRO. Manufacturing / MRO gross profit increased by $2.3 million, or 96.6%, to $4.6 million in the 2010 period compared to $2.4 million in the 2009 period, due to the increased revenues.

Operating Expenses

	Successor					
	Nine Months Ended September 30, 2009 (in 000s)	% of Revenues	Nine Months Ended September 30, 2010 (in 000s)	% of Revenues	Change (in 000s)	Change %
Operating expenses:						
General and administrative	8,873	9.2	9,717	10.4	844	9.5
Research and development	5,076	5.3	5,398	5.8	322	6.3
Selling and marketing	3,381	3.5	4,630	5.0	1,249	36.9
Total operating expenses	17,330	18.0	19,745	21.2	2,415	13.9
Income (loss) from operations	15,051	15.6	5,815	6.3	(9,236)	(61.4)

Operating expenses, which include general and administration, research and development, and selling and marketing, increased by $2.4 million, or 13.9%, to $19.8 million in the 2010 period from $17.3 million in the 2009 period. The change was primarily due to an increase in general and administrative expenses driven by higher legal costs and corporate support functions, coupled with the overall investment in our sales and marketing and research and development functions, including the addition of key personnel.

Other Income (Expense), Net

	Successor					
	Nine Months Ended September 30, 2009 (in 000s)	% of Revenues	Nine Months Ended September 30, 2010 (in 000s)	% of Revenues	Change (in 000s)	Change %
Other income (expense), net:						
Interest expense	(5,032)	(5.2)	(3,391)	(3.6)	1,641	(32.6)
Loss on early extinguishment of debt			(2,265)	(2.4)	(2,265)	(100.0)
Other income (expense), net	(1,161)	(1.2)	5,507	5.9	6,668	(574.3)
Total other income (expense), net	(6,193)	(6.4)	(149)	(0.2)	6,044	(97.6)

Other income (expense), net changed by $6.0 million, or 97.6%, to $0.1 million of expense in the 2010 period from $6.2 million of expense in the 2009 period. Interest expense decreased by $1.2 million, to $3.8 million in the 2010 period, from $5.0 million in the 2009 period, due to a decrease in the effective interest rates on borrowings, a decline in the average outstanding borrowings, and finance charges related to contract advance payments we received in the 2009 period. 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 the 2010 period. Other income (expense), net includes a net gain of $6.3 million, after accounting for insurance proceeds, in the 2010 period associated with an aircraft accident; foreign exchange gains and (losses) of a net loss of $0.2 million in the 2010 period compared to a net gain of

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$2.0 million in the 2009 period; and interest expense related to amounts accrued for tax uncertainties of $0.4 million in both the 2010 and 2009 periods.

Income Tax Expense (Benefit)

	Successor					
	Nine Months Ended September 30, 2009	% of Revenues	Nine Months Ended September 30, 2010	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net income (loss) before income taxes and noncontrolling interest	8,858	9.2	5,666	6.1	(3,192)	(36.0)
Income tax expense (benefit)	3,000	3.1	3,360	3.6	(360)	(12.0)
Net income (loss)	5,858	6.1	2,306	2.5	(3,552)	(60.6)

Income tax expense decreased by $0.4 million, or 12.0% to $3.4 million in the 2010 period from $3.0 million in the 2009 period, primarily due to the decrease in net income before taxes and noncontrolling interest. The effective tax rate in the 2010 period was 59.3% compared to 33.9% in the 2009 period.

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

	Successor					
	Nine Months Ended September 30, 2009	% of Revenues	Nine Months Ended September 30, 2010	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net income (loss)	$ 5,858	6.1	2,306	2.5	(3,552)	(60.6)
Less: Net (income) loss related to noncontrolling interest	133	0.1	(322)	(0.3)	(455)	(342.1)
Net income (loss) attributable to Erickson Air-Crane Incorporated	5,991	6.2	1,984	2.1	(4,007)	(66.9)
Dividends on series A redeemable preferred stock	5,011	5.2	5,818	6.3	807	16.1
Net income (loss) attributable to common stockholders	$ 980	1.0	$ (3,834)	(4.1)	$ (2,854)	(291.2)

Net income (loss) attributable to Erickson Air-Crane Incorporated decreased by $4.0 million, or 66.9%, to $2.0 million in the 2010 period from $6.0 million in the 2009 period, primarily due to the changes in revenues and expenses discussed above. Net income (loss) attributable to common stockholders decreased by $2.9 million, or 291.2%, to a loss of $3.8 million in the 2010 period from an income of $1.0 million in the 2009 period.

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2009 Compared to 2008

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

	Successor					
	Year Ended December 31, 2008 (in 000s)	% of Revenues	Year Ended December 31, 2009 (in 000s)	% of Revenues	Change (in 000s)	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.

	Successor					
	Year Ended December 31, 2008 (in 000s)	% of Revenues	Year Ended December 31, 2009 (in 000s)	% of Revenues	Change (in 000s)	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. 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:

	Successor			
	Year Ended December 31, 2008 (in 000s)	Year Ended December 31, 2009 (in 000s)	Change (in 000s)	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)

	Successor			
	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 North America and Asia Pacific experienced strong fire seasons, which partially offset the decrease in European firefighting.

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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.

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.

	Successor					
	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
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.

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Operating Expenses

	Year Ended December 31, 2008 (in 000s)	% of Revenues	Successor Year Ended December 31, 2009 (in 000s)	% of Revenues	Change (in 000s)	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 administration, 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.

Other Income (Expense), Net

	Year Ended December 31, 2008 (in 000s)	% of Revenues	Successor Year Ended December 31, 2009 (in 000s)	% of Revenues	Change (in 000s)	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 items include 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 related to an aircraft accident in Italy and mark-to-market gains on foreign exchange contracts of $1.1 million due to the strengthening of the Euro.

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Income Tax Expense

	Successor					
	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
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.

Net Income Attributable to Erickson Air-Crane Incorporated

	Successor					
	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
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

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.

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2008 Compared to 2007 Successor Period

The following tables present historical results of operations for the year ended December 31, 2008 and for the period from September 27, 2007 through December 31, 2007, each of which were derived from the audited consolidated financial statements for the indicated period.

	Successor					
	September 27, 2007 through December 31, 2007 (in 000s)	% of Revenues	Year Ended December 31, 2008 (in 000s)	% of Revenues	Change (in 000s)	Change %
Revenues:						
Aerial Services	$ 25,524	58.9	$ 136,548	96.2	$ 111,024	435.0
Manufacturing / MRO	17,823	41.1	5,376	3.8	(12,447)	(69.8)
Total revenues	43,347	100.0	141,924	100.0	98,577	227.4
Cost of revenues:						
Aerial Services	19,722	77.3	96,750	70.9	77,028	390.6
Manufacturing / MRO	13,065	73.3	5,019	93.4	(8,046)	(61.6)
Total cost of revenues	32,787	75.6	101,769	71.7	68,982	210.4
Gross profit						
Aerial Services	5,802	22.7	39,798	29.1	33,996	585.9
Manufacturing / MRO	4,758	26.7	357	6.6	(4,401)	(92.5)
Total gross profit	10,560	24.4	40,155	28.3	29,595	280.3
Operating expenses:						
General and administrative	4,211	9.7	14,010	9.9	9,799	232.7
Research and development	3,328	7.7	7,024	4.9	3,696	111.1
Sales and marketing	354	0.8	1,984	1.4	1,630	460.5
Total operating expenses	7,893	18.2	23,018	16.2	15,125	191.6
Income from operations	2,667	6.2	17,137	12.1	14,470	542.6
Other income (expense), net:						
Interest income	95	0.2	305	0.2	210	221.1
Interest expense	(2,307)	(5.3)	(7,070)	(5.0)	(4,763)	(206.5)
Other income (expense), net	(12,906)	(29.8)	5,962	4.2	18,868	146.2
Total other income (expense)	(15,118)	(34.9)	(803)	(0.6)	(14,315)	(94.7)
Net income (loss) before income taxes and noncontrolling interest	(12,451)	(28.7)	16,334	11.5	28,785	231.2
Income tax expense (benefit)	(4,500)	(10.4)	6,000	4.2	10,500	233.3
Net income (loss)	$ (7,951)	(18.3)	$ 10,334	7.3	$ 18,285	230.0
Less: Net (income) loss related to noncontrolling interest	232	0.5	(230)	(0.2)	462	199.1
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ (7,719)	(17.8)	$ 10,104	7.1	$ 17,823	230.9
Dividends on Series A redeemable preferred stock	1,403	3.2	5,877	(4.1)	4,474	318.9
	$ (9,122)	(21.0)	$ 4,227	3.0	$ 13,349	146.3

Net income (loss) attributable to common stockholders

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Revenues

Consolidated revenue increased by $98.6 million to $141.9 million in 2008 from $43.3 million in the 2007 successor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 successor period.

	Successor					
	September 27, 2007 through December 31, 2007 (in 000s)	% of Revenues	Year Ended December 31, 2008 (in 000s)	% of Revenues	Change (in 000s)	Change %
Revenues:						
Aerial Services	$ 25,524	58.9	$ 136,548	96.2	$ 111,024	435.0
Manufacturing / MRO	17,823	41.1	5,376	3.8	(12,447)	(69.8)
Total revenues	43,347	100.0	141,924	100.0	98,577	227.4

Aerial Services. Aerial Services revenue increased by $111.0 million to $136.5 million in 2008 from $25.5 million in the 2007 successor period. Revenue flight hours for Aerial Services during 2008 increased to 9,583 from 2,069 in the 2007 successor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 successor period.

Following are revenue and revenue flight hours by type of service for the year ended December 31, 2008 and for the 2007 successor period:

	Successor			
	September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Change (in 000s)	Change %
Aerial Services Revenue:				
Firefighting	$ 12,003	$ 82,454	$ 70,451	586.9
Timber Harvesting	11,450	40,233	28,783	251.4
Infrastructure Construction	1,867	8,493	6,626	354.9
Crewing	204	5,368	5,164	2,531.4
Total Aerial Services revenue	$ 25,524	$ 136,548	$ 111,024	435.0

	Successor			
	September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Change (in 000s)	Change %
Aerial Services Revenue Flight Hours:				
Firefighting	294	3,309	3,015	1,025.5
Timber Harvesting	1,531	5,260	3,729	243.6
Infrastructure Construction	147	549	402	273.5
Crewing	97	465	368	379.4
Total Aerial Services revenue flight hours	2,069	9,583	7,514	363.2

Firefighting revenue increased by $70.5 million to $82.5 million in 2008 from $12.0 million in the 2007 successor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 successor period.

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Timber Harvesting revenue increased by $28.8 million to $40.2 million in 2008 from $11.5 million in the 2007 successor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 successor period, partially offset by a decline in global lumber demand.

Infrastructure Construction revenue increased by $6.6 million to $8.5 million in 2008 from $1.9 million in the 2007 successor period. This increase was the result of the longer measurement period for 2008 compared to the 2007 successor period and a renewed focus on the construction market in 2008 which lead to several high-value contracts including a major power line construction contract.

Crewing revenue increased by $5.2 million to $5.4 million in 2008 from $0.2 million in the 2007 successor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 successor period.

Manufacturing / MRO. Manufacturing / MRO revenue decreased by $12.4 million to $5.4 million in 2008 from $17.8 million in the 2007 successor period. The majority of this decrease was due to an aircraft sale in the 2007 successor period.

Gross Profit

Consolidated gross profit increased by $29.6 million to $40.2 million in 2008 from $10.6 million in the 2007 successor period.

	Successor					
	September 27, 2007 through December 31, 2007 (in 000s)	% of Revenues	Year Ended December 31, 2008 (in 000s)	% of Revenues	Change (in 000s)	Change %
Gross profit						
Aerial Services	5,802	22.7	39,798	29.1	33,996	585.9
Manufacturing / MRO	4,758	26.7	357	6.6	(4,401)	(92.5)
Total gross profit	10,560	24.4	40,155	28.3	29,595	280.3

Aerial Services. Aerial Services gross profit increased by $34.0 million to $39.8 million in 2008 from $5.8 million in the 2007 successor period. Gross profit was 29.1% in 2008 compared to 22.7% in the 2007 successor period. The revenue increase of $111.0 million from the 2007 successor period to 2008 was the primary reason for the increase in gross profit, partially offset by lower gross profit margins due to the seasonal nature of our business (the 2007 successor period was comprised primarily of the fourth fiscal quarter, which is one of the lower flight hour activity quarters for the year).

Manufacturing / MRO. Manufacturing / MRO gross profit decreased by $4.4 million to $0.4 million in 2008 from $4.8 million in the 2007 successor period. Gross profit margin was 6.6% in 2008 compared to 26.7% in the 2007 successor period. The change was primarily due to the decrease in aircraft sales.

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Operating Expenses

	Successor					
	September 27, 2007 through December 31, 2007	% of Revenues	Year Ended December 31, 2008	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Operating expenses:						
General and administrative	4,211	9.7	14,010	9.9	9,799	232.7
Research and development	3,328	7.7	7,024	4.9	3,696	111.1
Sales and marketing	354	0.8	1,984	1.4	1,630	460.5
Total operating expenses	7,893	18.2	23,018	16.2	15,125	191.6
Income from operations	2,667	6.2	17,137	12.1	14,470	542.6

Operating expenses, which include general and administration, research and development, and selling and marketing, increased by $15.1 million to $23.0 million in 2008 from $7.9 million in the 2007 successor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 successor period and increased investment in sales and marketing activities, partially offset by reduced research and development spending due to the completion of the majority of our investment in an S-64F main rotor blade production program.

Other Income (Expense), net

	Successor					
	September 27, 2007 through December 31, 2007	% of Revenues	Year Ended December 31, 2008	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Other income (expense), net:						
Interest income	95	0.2	305	0.2	210	221.1
Interest expense	(2,307)	(5.3)	(7,070)	(5.0)	(4,763)	(206.5)
Other income (expense)	(12,906)	(29.8)	5,962	4.2	18,868	146.2
Total other income (expense), net	(15,118)	(34.9)	(803)	(0.6)	(14,315)	(94.7)

Other income (expense), net decreased by $14.3 million to a $0.8 million expense in 2008 from a $15.1 million expense in the 2007 successor period. Interest expense increased by $4.8 million to $7.1 million in 2008 from $2.3 million in the 2007 successor period primarily due to the longer measurement period for 2008 compared to the 2007 successor period. The change in other income (expenses) was primarily due to the recording in the 2007 successor period of $12.5 million in litigation settlement expenses; in 2008, other income (expense) included a net gain of $4.3 million associated with an aircraft accident. Other income (expense) also consists of foreign exchange gains and losses, amortization of debt issuance costs associated with our credit agreement, interest related to tax contingencies, and non-recurring gains or losses.

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Income Tax Expense

	Successor					
	September 27, 2007 through December 31, 2007	% of Revenues	Year Ended December 31, 2008	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net income (loss) before income taxes and noncontrolling interest	(12,451)	(28.7)	16,334	11.5	28,785	231.2
Income tax expense (benefit)	(4,500)	(10.4)	6,000	4.2	10,500	233.3
Net income (loss)	$ (7,951)	(18.3)	$ 10,334	7.3	$ 18,285	230.0

Income tax expense increased by $10.5 million to an expense of $6.0 million in 2008 from a benefit of $4.5 million in the 2007 successor period. The effective tax rate in 2008 was 36.7%, compared to 36.1% in the 2007 successor period.

Net Income Attributable to Erickson Air-Crane Incorporated

	Successor					
	September 27, 2007 through December 31, 2007	% of Revenues	Year Ended December 31, 2008	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net income (loss)	$ (7,951)	(18.3)	$ 10,334	7.3	$ 18,285	230.0
Less: Net (income) loss related to noncontrolling interest	232	0.5	(230)	(0.2)	462	199.1
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ (7,719)	(17.8)	$ 10,104	7.1	$ 17,823	230.9
Dividends on series A redeemable preferred stock	1,403	3.2	5,877	(4.1)	4,474	318.9
Net income (loss) attributable to common stockholders	$ (9,122)	(21.0)	$ 4,227	3.0	$ 13,349	146.3

Net income attributable to Erickson Air-Crane Incorporated increased by $17.8 million to $10.1 million in 2008 from a loss of $7.7 million in the 2007 successor period, primarily due to the longer measurement period for 2008 compared to the 2007 successor period, the legal settlement in the 2007 successor period, the heavy investment in research and development in the 2007 successor period, and the other changes described above.

2008 Compared to 2007 Predecessor Period

The following tables present historical results of operations for the year ended December 31, 2008 and for the period from January 1, 2007 through September 26, 2007, each of which were derived from the audited consolidated financial statements for the indicated period. Our predecessor consolidated financial statements and our successor consolidated financial statements are not

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necessarily comparable. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation."

	Predecessor January 1, 2007 through September 26, 2007 (in 000s)	% of Revenues	**Successor** Year Ended December 31, 2008 (in 000s)	% of Revenues	Change (in 000s)	Change %
Revenues:						
Aerial Services	$ 126,355	77.9	$ 136,548	96.2	$ 10,193	8.1
Manufacturing / MRO	35,872	22.1	5,376	3.8	(30,496)	(85.0)
Total revenues	162,227	100.0	141,924	100.0	20,303	12.5
Cost of revenues:						
Aerial Services	80,715	63.9	96,750	70.9	16,035	19.9
Manufacturing / MRO	24,360	67.9	5,019	93.4	(19,341)	(79.4)
Total cost of revenues	105,075	64.8	101,769	71.7	(3,306)	(3.1)
Gross profit						
Aerial Services	45,640	36.1	39,798	29.1	(5,842)	(12.8)
Manufacturing / MRO	11,512	32.1	357	6.6	(11,155)	(96.9)
Total gross profit	57,152	35.2	40,155	28.3	(16,997)	(29.7)
Operating expenses:						
General and administrative	12,711	7.8	14,010	9.9	1,299	10.2
Research and development	10,290	6.3	7,024	4.9	(3.266)	(31.7)
Sales and marketing	1,140	0.7	1,984	1.4	844	74.0
Total operating expenses	24,141	14.9	23,018	16.2	(1,123)	(4.7)
Income from operations	33,011	20.3	17,137	12.1	(15,874)	(48.1)
Other income (expense), net:						
Interest income	205	0.1	305	0.2	100	48.8
Interest expense	(3,395)	(2.1)	(7,070)	(5.0)	(3,675)	108.3
Other income (expense), net	(1,207)	(0.7)	5,962	4.2	7,169	594.0
Total other income (expense)	(4,397)	(2.7)	(803)	(0.6)	3,594	81.7
Net income (loss) before income taxes and noncontrolling interest	28,614	17.6	16,334	11.5	(12,280)	(42.9)
Income tax expense (benefit)	10,000	6.2	6,000	4.2	(4,000)	(40.0)
Net income (loss)	$ 18,614	11.5	$ 10,334	7.3	(8,280)	(44.5)
Less: Net (income) loss related to noncontrolling interest	(473)	(0.3)	(230)	(0.2)	243	51.4
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 18,141	11.2	$ 10,104	7.1	(8,037)	(44.3)
Dividends on Series A redeemable preferred stock			5,877	(4.1)	5,877	100.0
Net income (loss) attributable to common stockholders	$ 18,141	11.2	$ 4,227	3.0	$ (13,914)	(76.7)

Revenues

Consolidated revenue increased by $20.3 million, or 12.5%, to $141.9 million in 2008 from $162.2 million in the 2007 predecessor period.

	Predecessor January 1, 2007 through September 26, 2007 (in 000s)	% of Revenues	Successor Year Ended December 31, 2008 (in 000s)	% of Revenues	Change (in 000s)	Change %
Revenues:						
Aerial Services	$ 126,355	77.9	$ 136,548	96.2	10,193	8.1
Manufacturing / MRO	35,872	22.1	5,376	3.8	(30,496)	(85.0)
Total revenues	162,227	100.0	141,924	100.0	20,303	12.5

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Aerial Services. Aerial Services revenue increased by $10.2 million, or 8.1%, to $136.5 million in 2008 from $126.4 million in the 2007 predecessor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 predecessor period. Revenue flight hours for Aerial Services during 2008 decreased 25.2% to 9,583 from 12,817 in the 2007 predecessor period. Several aircraft were pulled out of service for a period of time during 2008 for repair and overhaul, while limited repair and overhaul activities were performed in the 2007 predecessor period prior to the sale of the company. Sales and marketing efforts during 2008 resulted in several signed long-term contracts for our services beginning in mid-2008.

Following are revenue and revenue flight hours by type of service for 2008 and for the 2007 predecessor period:

	Predecessor January 1, 2007 through September 26, 2007 (in 000s)	Successor Year Ended December 31, 2008 (in 000s)	Change (in 000s)	Change %
Aerial Services Revenue:				
Firefighting	$ 69,523	$ 82,454	12,931	18.6
Timber Harvesting	48,162	40,233	(7,929)	(16.5)
Infrastructure Construction	2,963	8,493	5,530	186.7
Crewing	5,707	5,368	(339)	(5.9)
Total Aerial Services revenue	$ 126,355	$ 136,548	10,193	8.1

	Predecessor January 1, 2007 through September 26, 2007	Successor Year Ended December 31, 2008	Change	Change %
Aerial Services Revenue Flight Hours:				
Firefighting	4,395	3,309	(1,086)	(24.7)
Timber Harvesting	7,554	5,260	(2,294)	(30.4)
Infrastructure Construction	226	549	323	142.9
Crewing	642	465	(177)	(27.6)
Total Aerial Services revenue flight hours	12,817	9,583	(3,234)	(25.2)

Firefighting revenue increased by $12.9 million, or 18.6%, to $82.5 million in 2008 from $69.5 million in the 2007 predecessor period. This increase was primarily the result of the longer measurement period for 2008 compared to the 2007 predecessor period and the higher contract prices in 2008 due to the shift from an exclusive-use contract in 2007 to a call-when-needed contract for a particular customer (with higher prices which offset lower flight hours), partially offset by the effect of the above average fire season in Europe in 2007 compared to 2008.

Timber Harvesting revenue decreased by $7.9 million, or 16.5%, to $40.2 million in 2008 from $48.2 million in the 2007 predecessor period. This decrease was primarily due to a decline in global lumber demand, partially offset by the longer measurement period for 2008 compared to the 2007 predecessor period.

Infrastructure Construction revenue increased by $5.5 million, or 186.7%, to $8.5 million in 2008 from $3.0 million in the 2007 predecessor period. This overall increase was primarily due to our renewed focus on construction, which led to several high-value contracts,

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including a major power line construction contract, and the longer measurement period for 2008 compared to the 2007 predecessor period.

Crewing revenue decreased by $0.3 million, or 5.9%, to $5.4 million in 2008 from $5.7 million in the 2007 predecessor period. This decrease was primarily the result of decreases in European firefighting activity in 2008 compared to the 2007 predecessor period.

Manufacturing / MRO. Manufacturing / MRO revenue decreased by $30.5 million to $5.4 million in 2008 from $35.9 million in the 2007 predecessor period. The majority of this decrease is due to aircraft sales, with two aircraft delivered and recorded during the 2007 predecessor period and none in 2008.

Gross Profit

Consolidated gross profit decreased by $17.0 million, or 29.7%, to $40.2 million in 2008 from $57.2 million in the 2007 predecessor period.

	Predecessor		**Successor**			
	January 1, 2007 through September 26, 2007	**% of Revenues**	**Year Ended December 31, 2008**	**% of Revenues**	**Change**	**Change**
	(in 000s)		**(in 000s)**		**(in 000s)**	**%**
Gross profit						
Aerial Services	45,640	36.1	39,798	29.1	(5,842)	(12.8)
Manufacturing / MRO	11,512	32.1	357	6.6	(11,155)	(96.9)
Total gross profit	57,152	35.2	40,155	28.3	(16,997)	(29.7)

Aerial Services. Aerial Services gross profit decreased by $5.8 million, or 12.8%, to $39.8 million in 2008 from $45.6 million in the 2007 predecessor period. Gross profit was 29.1% in 2008 compared to 36.1% in the 2007 predecessor period. Higher aircraft maintenance and insurance costs drove the decrease in gross profit, partially offset by higher revenue and certain fair value accounting adjustments which have impacted cost of revenues (see "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation").

Manufacturing / MRO. Manufacturing / MRO gross profit decreased by $11.2 million to $0.4 million in 2008 from $11.5 million in the 2007 predecessor period. Gross profit margin was 6.6% in 2008 compared to 32.1% in the 2007 predecessor period. The change was primarily due to the decrease in aircraft sales.

Operating Expenses

	Predecessor		**Successor**			
	January 1, 2007 through September 26, 2007	**% of Revenues**	**Year Ended December 31, 2008**	**% of Revenues**	**Change**	**Change**
	(in 000s)		**(in 000s)**		**(in 000s)**	**%**
Operating expenses:						
General and administrative	12,711	7.8	14,010	9.9	1,299	10.2
Research and development	10,290	6.3	7,024	4.9	(3,266)	(31.7)
Sales and marketing	1,140	0.7	1,984	1.4	844	74.0
Total operating expenses	24,141	14.9	23,018	16.2	(1,123)	(4.7)

Income from operations	33,011	20.3	17,137	12.1	(15,874)	(48.1)

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Operating expenses, which include general and administration, research and development, and selling and marketing decreased by $1.1 million, or 4.7%, to $23.0 million in 2008 from $24.1 million in the 2007 predecessor period. General and administrative and sales and marketing expenses were higher in 2008 due to the longer measurement period. Lower research and development expenses were the result of spending the majority of our investment in our S-64F model main rotor blade production program during 2007.

Other Income (Expense), net

	Predecessor January 1, 2007 through September 26, 2007 (in 000s)	% of Revenues	Successor Year Ended December 31, 2008 (in 000s)	% of Revenues	Change (in 000s)	Change %
Other income (expense), net:						
Interest income	205	0.1	305	0.2	100	48.8
Interest expense	(3,395)	(2.1)	(7,070)	(5.0)	(3,675)	108.3
Other income (expense)	(1,207)	(0.7)	5,962	4.2	7,169	594.0
Total other income (expense)	(4,397)	(2.7)	(803)	(0.6)	3,594	81.7

Other income (expense), net changed by $3.6 million to a $0.8 million expense in 2008 from a $4.4 million expense in the 2007 predecessor period. Interest expense increased by $3.7 million to $7.1 million in 2008 from $3.4 million in the 2007 predecessor period due to the longer measurement period in 2008 and the recapitalization of the company upon the acquisition in 2007. Other income (expense) changed $7.2 million to $6.0 million income in 2008 from a $1.2 million expense in the 2007 predecessor period. This change was primarily the result of a $5.0 million expense in the 2007 predecessor period related to the sale of the company and a $1.6 million increase in net gains from aircraft accidents from $2.7 million in the 2007 predecessor period to $4.3 million in 2008. Other income (expense) also consists of foreign exchange gains and losses, amortization of debt issuance costs associated with our credit agreement, interest related to tax contingencies, and non-recurring gains or losses.

Income Tax Expense

	Predecessor January 1, 2007 through September 26, 2007 (in 000s)	% of Revenues	Successor Year Ended December 31, 2008 (in 000s)	% of Revenues	Change (in 000s)	Change %
Net income (loss) before income taxes and noncontrolling interest	28,614	17.6	16,334	11.5	(12,280)	(42.9)
Income tax expense (benefit)	10,000	6.2	6,000	4.2	(4,000)	(40.0)
Net income (loss)	$ 18,614	11.5	$ 10,334	7.3	$ (8,280)	(44.5)

Income tax expense decreased by $4.0 million, or 40.0%, to $6.0 million in 2008 from $10.0 million in the 2007 predecessor period. The effective tax rate in 2008 was 36.7%, compared to 34.9% in the 2007 predecessor period.

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Net Income Attributable to Erickson Air-Crane Incorporated

	Predecessor		Successor			
	January 1, 2007 through September 26, 2007	% of Revenues	Year Ended December 31, 2008	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net income (loss)	$ 18,614	11.5	$ 10,334	7.3	(8,280)	(44.5)
Less: Net (income) loss related to noncontrolling interest	(473)	(0.3)	(230)	(0.2)	243	51.4
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 18,141	11.2	$ 10,104	7.1	(8,037)	(44.3)
Dividends on series A redeemable preferred stock			5,877	(4.1)	5,877	100.0
Net income (loss) attributable to common stockholders	$ 18,141	11.2	$ 4,227	3.0	(13,914)	(76.7)

Net income attributable to Erickson Air-Crane Incorporated decreased by $8.0 million, or 44.3%, to $10.1 million in 2008 from $18.1 million in the 2007 predecessor period, due to the higher aircraft sales in the 2007 predecessor period and increased maintenance activities in 2008, offset by the heavy investment in research and development in the 2007 predecessor period, improvement in other income (expense) in 2008, and certain fair value accounting adjustments which impacted our cost of revenues (see "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation").

Liquidity and Capital Resources

We believe that our cash flows from operations, together with cash on hand and the availability under our revolving credit facility, 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. 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, 2010 Compared to Nine Months ended September 30, 2009

The following chart is a condensed presentation of our statement of cash flows for the nine months ended September 30, 2010 and 2009 (in thousands):

	Successor		
	Nine Months Ended September 30, 2009	**Nine Months Ended September 30, 2010**	**$ Change**
Net cash provided by (used in) operating activities	$ 8,727	$ (6,982)	$ (15,709)
Net cash provided by (used in) investing activities	(1,767)	(3,125)	(1,358)
Net cash provided by (used in) financing activities	(9,347)	6,291	15,638
Foreign-currency effect on cash and cash equivalents	2,355	2,042	(313)
Net increase (decrease) in cash and cash equivalents	(32)	(1,774)	(1,742)
Cash and cash equivalents at beginning of period	2,303	3,536	1,233
Cash and cash equivalents at the end of period	$ 2,271	$ 1,762	$ (509)

Sources and Uses of Cash

At September 30, 2010, we had cash and cash equivalents on hand of $1.8 million compared to $2.3 million at September 30, 2009. At September 30, 2010, we had restricted cash of $4.4 million compared to $5.1 million at September 30, 2009. 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 contracts.

Net Cash provided by (used in) operating activities. For the nine months ended September 30, 2010, cash used in operating activities was $7.0 million compared to cash provided by operating activities of $8.7 million for the nine months ended September 30, 2009. For the nine months ended September 30, 2010, net cash used in operating activities included a net income of $2.3 million. Adjustments reconciling net income to net cash used in operating activities reflect a net increase of $2.3 million (gain on involuntary conversion related to an aircraft accident of $6.3 million (after accounting for insurance proceeds), offset by depreciation of $3.5 million, amortization and write off of debt issuance costs of $2.4 million and an increase in deferred income taxes of $2.8 million). In addition, $11.6 million of cash was used in operating assets and liabilities ($25.1 million increase in aircranes and support parts including the in-process build of aircraft, $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 increase in accounts receivable, $8.1 million increase in other long term liabilities, $1.2 million increase in accrued and other current liabilities, and $0.7 million increase in accounts payable.

For the nine months ended September 30, 2009, net cash provided by operating activities was $8.7 million and included net income of $5.9 million. Adjustments reconciling net income to net cash provided by operating activities reflect a increase of $6.9 million (depreciation of $3.2 million, an increase in deferred taxes of $3.7 million and amortization of debt issuance costs of $0.6 million, partially offset by loss on sale of equipment of $0.4 million). In addition, $4.3 million of cash was used in operating assets and liabilities ($13.2 million increase in accounts receivable, $13.2 million increase in inventory including the in-process build of an aircraft for sale, and $3.8 million decrease in accrued warranty and other liabilities, partially offset by $17.4 million increase in other current liabilities, $4.7 million increase in accounts payable, $2.5 million increase in income taxes payable, and $1.2 million decrease in prepaid expenses and other assets).

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Net Cash provided by (used in) investing activities. Cash used in investing activities was $3.1 million for the nine months ended September 30, 2010 compared to cash used in investing activities of $1.8 million for the nine months ended September 30, 2009. In the nine months ended September 30, 2010, we used cash of $3.6 million for routine capital expenditures. In the nine months ended September 30, 2009, we used cash of $1.7 million for routine capital expenditures.

Net Cash provided by (used in) financing activities. Cash provided by financing activities was $6.3 million for the nine months ended September 30, 2010 compared to cash used in financing activities of $9.3 million for the nine months ended September 30, 2009. In the nine months ended September 30, 2010, 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. In the nine months ended September 30, 2009, cash used in financing activities of $9.3 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):

	Successor		
	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, we had cash and cash equivalents on hand of $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. Our cash and cash equivalents are intended to be used for working capital, capital expenditures, and debt repayments. Our restricted cash is used to secure a performance bond on certain European contracts.

Net Cash provided by (used in) operating activities. In 2009, cash provided by operations was $9.9 million compared to cash used in operations of $8.7 million for 2008. During 2009, $12.3 million was provided by net income and $8.4 million was provided by adjustments reconciling net income to net cash provided by operating activities (depreciation of $4.4 million, 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). In addition, $10.8 million of cash was used in operating assets and liabilities ($8.0 million increase in Aircrane support parts, $4.9 million increase in accounts receivable primarily related to the sale of an aircraft in December 2009, and $3.8 million decrease in accrued liabilities primarily due to cash used in the settlement of a 2007 lawsuit, partially offset by a $2.7 million federal tax refund related to an operating loss carry-back to 2006).

During 2008, $10.3 million was provided by net income and $7.3 million was provided by adjustments reconciling net income to net cash provided by operating activities (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, see " Net Cash provided by (used in) financing activities," below). In addition, $26.3 million of cash was used in operating assets and liabilities ($15.7 million increase in Aircrane support parts, $10.7 million decrease in accrued liabilities primarily due to cash used in the settlement of a 2007 lawsuit, and $5.1 million increase in Aircranes held for sale due to work in process builds of two aircraft, partially offset by other amounts including a $5.2 million decrease in accounts receivable).

Net Cash provided by (used in) investing activities. Cash used in investing activities was $2.7 million for the year ended December 31, 2009 compared to 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, offset by insurance proceeds related to the loss of an aircraft.

Net Cash provided by (used in) financing activities. Cash used in financing activities was $5.7 million for the year ended December 31, 2009 compared to 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 due to net borrowings of $7.5 million from our revolving credit facility 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 June 30, 2010, we entered into a credit agreement with a bank syndicate led by Wells Fargo Bank, National Association (Wells Fargo), which includes a $65.0 million term loan facility and a revolving credit facility of up to $67.5 million. 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 senior credit facilities refinanced our prior senior debt, resulting in a full pay-off and replacement of our working capital revolving line of credit with Key Bank National Association (KeyBank) and Bank of the West, and our first lien term loan facility with The Prudential Insurance Company of America (Prudential). In addition, we used proceeds from the senior credit facilities to partially pay-down our second lien term loan facility, with the remaining amount outstanding under the second lien facility being converted into unsecured subordinated promissory notes.

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

The $67.5 million revolving credit facility has a $30.0 million sublimit to be used for issuance of letters of credit and $10.0 sublimit for swingline loans. Under our $65.0 million term loan facility we are required to pay $1.625 million per quarter for principal, plus accrued interest, until maturity, at

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which time the remaining principal balance of $45.5 million, plus accrued interest, is due. The senior credit facilities terminate on June 24, 2013.

The interest rate on the senior credit facilities is calculated based on LIBOR or a base rate. 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 (the ratio of Funded Indebtedness, as defined in the credit agreement, to Bank EBITDA) per our credit agreement. LIBOR margin ranges between 2.00% and 3.00% and base rate margin ranges between 0.75% and 1.75%. We pay a quarterly unused commitment fee between 0.25% and 0.50% and fees between 2.00% and 3.00% on outstanding letters of credit, both of which are based on the level of the Funded Indebtedness to Bank EBITDA ratio.

The senior credit facilities contain several affirmative and negative covenants customary for similar senior credit facilities, including a leverage ratio test based on maximum senior 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 advanced under our senior credit facilities exceeds the most recent Asset Coverage Amount (a borrowing base 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. See " Bank EBITDA."

The senior credit facilities contain customary events of default including payment defaults, breaches of covenants and representations and warranties, cross-defaults with respect to other debt, events of bankruptcy or insolvency, judgment defaults, specified defaults related to ERISA, defaults related to a change of control, a guarantor default or invalidity of a guaranty, default related to the failure of collateral documents or the invalidity of loan documents, and default upon the occurrence of a material adverse effect.

We complied with the requirements of our debt covenants at September 30, 2010. The maximum leverage ratio under our senior credit facilities was 4.00:1 for the fiscal quarter ended September 30, 2010. Our actual maximum leverage ratio was 3.65 at September 30, 2010. We are required to reduce our maximum leverage ratio to a maximum of 3.75 to 1.00 at December 31, 2010.

We are also subject to a minimum tangible net worth covenant and a minimum fixed charge ratio covenant. The minimum tangible net worth at September 30, 2010 under our senior credit facilities was $58.0 million. Our calculated tangible net worth was $61.9 million at September 30, 2010. The minimum tangible net worth covenant will remain at $58.0 million at December 31, 2010. The minimum fixed charge coverage ratio at September 30, 2010 under our senior credit facilities was 1.75 to 1.0. Our calculated minimum fixed charge coverage ratio was 1.77 to 1.0 at September 30, 2010. The minimum fixed charge coverage ratio will remain at 1.75 to 1.0 at December 31, 2010. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition."

We expected our 2010 fourth quarter financial results would include the sale of an aircraft. We now expect that the sale of the aircraft will be included in our first quarter 2011 financial results. Due to this change, we do not believe that, under our current credit agreement, we would be in compliance with certain financial covenants as of December 31, 2010. We are discussing with our lenders amending our credit agreement to adjust our financial covenants as of December 31, 2010. If we are not able to amend our credit agreement or obtain a waiver and we are not in compliance with our bank covenants, our lenders may accelerate payment of all amounts outstanding under our credit agreement. See "Risk

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

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.

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.

Due to the seasonality of our business, the amount outstanding on the revolving facilities during the fiscal year varies significantly. During the fiscal years ended December 31, 2009 and December 31, 2008, the outstanding balance on our prior revolving facility, excluding letters of credit, ranged from $0.5 million to $27.2 million and zero to $29.1 million, respectively. The outstanding balance on our prior revolving facilities, excluding letters of credit, as of December 31, 2009 and 2008 was $7.3 million and $7.5 million, respectively. We also had $2.8 million and $2.7 million in outstanding standby letters of credit against our prior revolving facilities as of December 31, 2009 and 2008, respectively. The outstanding balance on our revolving credit facility, excluding letters of credit, was $16.4 million as of September 30, 2010 (which amount excludes $7.9 million of outstanding standby letters of credit issued under the Credit Agreement). At September 30, 2010, we had maximum availability for borrowings under our revolving credit facility, including letters of credit, of approximately $43.2 million, and actual availability, as limited by our maximum leverage ratio covenant, of approximately $8.5 million.

Subordinated Notes

On September 27, 2007, we entered into a Second Lien Credit Agreement with the D.B. Zwirn Special Opportunities Fund L.P., as Administrative Agent for Bernard National Loan Investors, Ltd. and Stonehouse Erickson Investment Co. LLC (Second Lien Credit Agreement). The agreement contains a $20.0 million term loan facility (Second Lien Debt) and was scheduled to terminate on April 1, 2013. On July 17, 2008, D.B. Zwirn Special Opportunities Fund L.P. resigned as Administrative Agent and ZM Private Equity Fund II, L.P was appointed. Lenders of the loan facility include ZM Private Equity Fund II, L.P. and 10th Lane Finance Co., LLC.

On June 30, 2010, concurrent with the refinancing of our senior debt, we used proceeds from the senior credit facilities to pay-down $11.5 million of our $20.0 million Second Lien Debt, and the remaining $8.5 million was exchanged with unsecured subordinated promissory notes. The interest rate on the subordinated notes is 20.0% per annum. No periodic principal or interest payments are required and the subordinated notes are payable in full on the maturity date of June 30, 2015. Interest payments are accrued to principal on a quarterly basis. The subordinated notes can be prepaid at any time at our option at the original principal amount plus accrued interest without any prepayment penalties. Because the principal amount owed under our subordinated notes and the interest expense related to the subordinated notes are excluded from the calculations of our financial covenants under the Wells Fargo Credit Agreement, retaining a portion of these notes effectively increases the amount we are able to borrow under our revolving credit facility. We retained $8.5 million of these notes to provide for additional borrowing capacity under the senior credit facility, recognizing that the proceeds of this offering were intended to be used to pay off the remaining amounts owed under the subordinated notes. In addition, under the terms of our existing credit facility, we are prevented from paying down principal on the subordinated notes unless such payments are made with the proceeds of this offering.

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Bank EBITDA

We use an adjusted EBITDA (Bank EBITDA) to monitor compliance with various financial covenants under our credit agreements. In addition to adjusting net income (loss) to exclude interest expense, 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, 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, IPO related non-capitalized expenses up to a maximum of $2.0 million and other unusual, extraordinary, non-recurring non-cash costs. 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. A reconciliation of net income to EBITDA to Bank EBITDA is provided below.

	Predecessor	**Successor**				
(In thousands)	**Period from January 1, 2007 through September 26, 2007**	**Period from September 27, 2007 through December 31, 2007**	**Year Ended December 31, 2008**	**Year Ended December 31, 2009**	**Nine Months Ended September 30, 2009**	**Nine Months Ended September 30, 2010**
Bank EBITDA Reconciliation:						
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 18,141	$ (7,719)	$ 10,104	$ 12,052	$ 5,991	$ 1,984
Interest expense, net	3,190	2,212	6,765	6,006	5,032	3,391
Tax expense (benefit)	10,000	(4,500)	6,000	5,330	3,000	3,360
Depreciation	5,440	901	3,863	4,378	3,225	3,462
Amortization of debt issuance costs	72	201	805	976	630	552
EBITDA	$ 36,843	$ (8,905)	$ 27,537	$ 28,742	$ 17,878	$ 12,749
Non-cash unrealized mark-to-market foreign exchange	(325)	165	(1,071)	992	1,572	82
Interest related to tax contingencies	527	210	680	500	389	371
Management fees(1)		125	500	500	375	165
Loss on early extinguishment of debt						2,265
Litigation expense				1,430	85	1,360
Other (gains) losses	2,434	12,200(2)	(4,598)(3)	(668)	(344)	(4,177)(4)
Bank EBITDA	$ 39,479	$ 3,795	$ 23,048	$ 31,496	$ 19,955	$ 12,815

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(1)

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

(2) Includes $12.5 million of litigation settlement costs in 2007.

(3) Includes a $4.3 million gain from an insurance settlement with respect to an Aircrane accident in 2008.

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

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Restricted Cash

Restricted cash of $4.4 million, $5.0 million, and $4.9 million represents the balance at September 30, 2010, December 31, 2009, and December 31, 2008, respectively, maintained at financial institutions, as collateral for performance bonds for certain European contracts.

Contractual Obligations

As of December 31, 2009 we had $73.3 million of long-term debt (including current maturities). This amount consisted of the term debt of $53.3 million and the Second Lien Debt of $20.0 million.

The following table sets forth our long-term contractual cash obligations as of December 31, 2009 (in thousands):

	Payment Due by Period				
	Total	Less than 1 Year	1 3 Years	3 5 Years	More than 5 Years
Contractual obligations:					
Term debt(1)	$ 57,229	$ 6,957	$ 50,272	$	$
Second lien debt(1)	25,528	1,657	3,318	20,553	
Operating leases	1,893	595	540	266	492
Total contractual obligations	$ 84,650	$ 9,209	$ 54,130	$ 20,819	$ 492

(1) Amounts include principal and estimated interest payments

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 own substantially all of our property, 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 in the balance sheet. We had letters of credit with various expiration dates extending through 2013 valued at approximately $14.7 million outstanding at September 30, 2010, including $7.9 million outstanding under our revolving credit agreement and €4.9 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, 2010, there were no advances outstanding under these types of arrangements.

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Uncertainty in Income Taxes

As of December 31, 2009, net unrecognized tax benefits totaled approximately $10.0 million. 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 that we are currently involved in. 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 accounting principles generally accepted in the United States (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. Mobilization fees, which represent recovery of the costs incurred in deploying an Aircrane to a customer, are recognized over the contract term. Revenues from timber harvesting operations in Canada and the U.S. are based on estimates of the number of cubic meters of timber delivered to customers, and are adjusted after the logs are measured and scaled, whereas revenues from timber harvesting operations in Malaysia may be recorded based on the number of flight hours or on the number of cubic meters of timber delivered to the customer, depending on the terms of the contract.

Manufacturing / MRO.

Long-Term Construction Contracts. We will begin to 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. We expect to recognize revenues on future sales of Aircranes, including our sales of aircraft under our agreement with Wan Yu Industries Groups, Limited (China Taicang Aircrane Company, Limited) (Taicang), using the percentage of completion accounting method. We do not, however, anticipate recognizing any revenue in the fourth quarter of 2010 in connection with our agreement to sell aircraft to Taicang because we attribute percentage completion revenue to an aircraft only if it is built pursuant to a firm agreement, and the aircraft we expect to deliver to Taicang was substantially completed before we entered into the contract with Taicang. Further, the obligations of each party to perform under the agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, therefore the contract is not believed to be binding until such time as the deposit is received. 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition."

Because Aircranes are normally manufactured under long-term construction contracts, 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. 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.

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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 spares. 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. Bad debt expense is not material for any periods presented.

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 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 support parts and components 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." Deferred tax assets and liabilities are recognized on differences between the book and tax basis of assets and liabilities using enacted tax rates. The provision for income taxes is the sum of the amount of income tax paid or payable for the period as determined by applying enacted tax laws to the taxable income for the current period and the net change in our deferred tax assets and liabilities during the period. 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. and several foreign jurisdictions. Significant judgment is required in

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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

Our long-lived assets are reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. If the carrying amount of an asset exceeds the estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value of the 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.

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.

Purchase Accounting

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; subsequently, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. purchased the interests of the Stonehouse entities. The aggregate purchase price of the common stock was $93.1 million, which included $89.7 million paid to the previous owners and $3.4 million of acquisition-related costs. The fair value of the various assets acquired and liabilities assumed were determined by management on the date of acquisition. The fair value of the net assets acquired exceeded the total consideration for the acquisition by approximately $553.7 million. See Note 2 to our audited consolidated financial statements included in this prospectus.

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We have accounted for the acquisition as a purchase in accordance with SFAS No. 141, *Business Combinations,* and recorded the assets acquired and liabilities assumed based upon the estimated fair value of the consideration paid, which is summarized in the following table.

	Fair value September 27, 2007	Allocation of excess fair value over cost	Book value September 27, 2007
Current assets	$ 104,350	$	$ 104,350
Aircranes	317,650	(274,223)	43,427
Aircrane support parts	303,787	(262,256)	41,531
Other noncurrent assets	29,030	(19,158)	9,872
Deferred tax assets		1,965	1,965
Current liabilities	(93,542)		(93,542)
Noncurrent liabilities	(14,500)		(14,500)
Net assets acquired after allocation of negative goodwill	$ 646,775	$ (553,672)	$ 93,103

Recently Issued Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 3 to our 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, 2010, we had total indebtedness of $88.3 million (excluding $7.9 million of letters of credit). Our exposure to market risk from adverse changes in interest rates is primarily associated with our senior 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 rate is calculated based on either LIBOR or the prime rate as quoted in *The Wall Street Journal* (WSJ), plus a margin depending on the level of the funded debt 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 and prime rates, and the supply of and demand for credit in the London interbank market. We estimate that a hypothetical change of 10 basis points in the LIBOR or prime rate as quoted in the WSJ would have impacted interest expense for the nine months ended September 30, 2010 by $0.3 million.

Aircraft Fuel

Our results of operations are affected by changes in price and availability of aircraft fuel. Based on our 2010 projected fuel consumption for scheduled service and maintenance ferries, a 10% increase in the average price per gallon of fuel would increase fuel expense for 2010 by approximately $1.2 million annually. 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.

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We are not exposed to material commodity price risks except with respect to the purchase of aircraft fuel. Fluctuations in the price of fuel have not had a significant impact on our operations in recent years because, in general, our contracts with customers limit our exposure to increases in fuel prices.

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 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 nine months ended September 30, 2010 would have resulted in an estimated pre-hedged $1.4 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 lbs. 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 1994 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(1)	**CH-54A/ CH-54B(1)**	**S-61(2)**	**Columbia 234(3)(4)**	**Columbia 107(3)(4)**	**KA-32(2)**	**MIL 26(2)**
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 (lbs)	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(5)	Standard	Restricted	Depends on Configuration(6)	Standard	Standard	Restricted	Restricted
Approximate Number in Operation(7)	29(8)	11	102/47(6)(9)	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) *Erickson Air-Crane, www.ericksonaircrane.com.*

(2) *Military Analysis Network, www.fas.org.*

(3) *Columbia Helicopters, www.colheli.com.*

(4) *The Boeing Company, www.boeing.com.*

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

(6) *FAA Rotor Roster, www.faa.gov.*

(7) *Includes only commercial aircraft in operation.*

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

(9) *102 standard and 47 restricted S-61's operational.*

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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

Source: Erickson Air-Crane, www.ericksonaircrane.com.

(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 S-64, 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 and in 2009 in Australia 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 2008 (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 2008:

Burnt Area in the "Fire Club" France, Greece, Italy, Portugal and Spain 1980 to 2008

Source: European Commission Joint Research Center, Forest Fires in Europe 2008.

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 S-64s) to Greece over a 10-day period.

The following chart presents annual burnt area from 1980 to 2008 in Greece:

Burnt Area in Greece 1980 2008

Source: European Commission Joint Research Center, Forest Fires in Europe 2008.

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 Erickson Air-Crane's S-64, "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 in the state of Victoria, as power lines were felled by winds in excess of 60 mph 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 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 Erickson S-64, 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% 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.

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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.

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 trillion and $30 trillion of infrastructure investment will be carried out over the next two decades. CG/LA and CIBC believe that of this investment, 30% will be devoted to power projects, 22.5% to telecommunications projects, 10% 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.

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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 Km in 2009 to 6.6 million Km in 2015. Catalysts for this spending include the acceleration of renewable energy generation project activity; allocation of stimulus funds to specific transmission, 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% of total global spending in this sector from 2008 to 2013. Asian countries are expected to also account for 43% 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% of the over-100,000 Km of predicted annual global transmission line additions from 2010 to 2013, and 38% of the over-200,000 Km 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 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 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 26%, from $35.5 billion in 2005 to $88.2 billion in 2009. 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 9%, to $124.4 billion in 2013. 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 continual replacing 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.

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Alternative Energy

The global wind power market is expected to exhibit growth 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% 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 19% from 2009 to 2013. 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 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 billion will be spent on onshore pipelines from 2008 to 2012 and an estimated $42 billion is expected to be spent on new infrastructures

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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). In the U.S. alone, the number of natural and man-made disasters declared by the Federal Emergency Management Agency increased from 45 in 2000 to 75 in 2008. 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."

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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% dedicated to components, 20% dedicated to engines, 20% dedicated to modifications, and 10% 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.

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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 S-64 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 S-64 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 S-64 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 made over 350 modifications and improvements to the original S-64. By 1993, Erickson Air-Crane had become the manufacturer and support facility for all S-64 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 took place in Australia in 1998, and the S-64 has since maintained an annual presence with the Australian firefighting corps. Aircranes have also been used to fight fires in 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) and entered into an arrangement in December 2010 for the sale of five additional Aircrane to a Chinese customer. The obligations of each party to perform under the December 2010 agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012. See "Management Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business Aircrane Sales."

On September 27, 2007, Stonehouse Erickson Investment Co. LLC, Stonehouse Erickson Management Co. LLC and ZM EAC LLC jointly acquired 100% of our outstanding common stock; subsequently, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. purchased the interests of the Stonehouse entities. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Purchase Accounting."

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BUSINESS

Overview

We specialize in the operation and manufacture of the Erickson S-64 Aircrane, a versatile and powerful heavy-lift helicopter. The S-64 Aircrane has a lift capacity of up to 25,000 lbs. and is the only commercial aircraft built specifically as a flying crane, without a fuselage for internal loads. The S-64 is also the only commercial helicopter with a rear load-facing cockpit, combining an unobstructed view and complete aircraft control for precision lift and load placement capabilities. We own a fleet of 17 S-64s which we use to support a wide variety of government and commercial customers across a broad range of critical aerial services, including firefighting, timber harvesting, and infrastructure construction. We also manufacture S-64s and related components for sale to government and commercial customers, and provide maintenance, repair, and overhaul (MRO) services for the S-64 and other aircraft. 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 precision heavy-lift helicopter solutions. 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 like ours. 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.

We own the Type and Production Certificates for the S-64, granting us exclusive design, manufacturing, and related rights for the aircraft and original equipment manufacturer (OEM) components. We have manufactured 32 S-64 aircraft for our own fleet and for our customers in several countries worldwide. To date, we have sold nine aircraft, 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) and entered into an arrangement in December 2010 for the sale of an additional five Aircranes to a Chinese customer. The obligations of each party to perform under the December 2010 agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business Aircrane Sales." We provide customers with Federal Aviation Administration (FAA) and European Aviation Safety Agency (EASA) compliant MRO services and manufacture components for the S-64 and other aircraft in our AS9100 certified facility. Our pilots and mechanics are technical specialists who undergo extensive education and training on the S-64, making our crewing capabilities attractive for many of our customers.

Research and development activities are integral to our business and we continuously invest in new technologies and proprietary solutions with a goal of increasing our market share and entering new markets. We have made over 350 design improvements to the S-64 since acquiring the Type Certificate in 1992, and we have designed and developed many proprietary, specialized tools and accessories to address customer needs in each of our aerial services markets, including a 2,650 gallon fire tank, a water refill snorkel system and foam cannon for advanced firefighting solutions, a hydraulic grapple and "heli harvester" for timber harvesting, and an anti-rotation hoist for heavy-lift, precision infrastructure construction. We are currently developing products to enhance our disaster relief, emergency response, and pipeline construction offerings.

In addition to mission-specific innovations, we focus our research and development efforts on products that we believe will profitably expand our manufacturing and MRO market share. For example, we are developing a composite main rotor blade for the S-64 and other rotary platforms that we believe will reduce blade production costs while increasing aircraft fuel efficiency and performance. We also design, develop, and manufacture aftermarket solutions for other OEMs and will continue to pursue these opportunities.

We operate our business through two reportable segments: Aerial Services and Manufacturing / MRO. Through our Aerial Services segment we offer a broad range of heavy-lift helicopter services using our worldwide fleet, including firefighting, timber harvesting, and infrastructure construction; we also provide crewing services for our customers. Through our Manufacturing / MRO segment we manufacture S-64 aircraft and new aftermarket components, as well as provide MRO services. In 2009, our Aerial Services and Manufacturing / MRO segments generated revenue of $113.6 million and $36.0 million, respectively. We target long-term contract opportunities and had a total contract backlog of $445.2 million as of December 15, 2010. We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the per cubic meter of high grade timber we expect to deliver under the contract based on our experience. As a result, there is no guarantee that all of the backlog attributable to some of our timber harvesting contracts, including $143.8 million of our estimate for the signed Asiatic Lumber Industries Sdn Bhd. contract (of which $67.8 million is included in backlog from signed contracts and $76.0 million is included in backlog from anticipated contract extensions), will be realized. See "Business Backlog" for a discussion of how we define and calculate backlog. See "Risk Factors We have a significant backlog that may be deferred or may not be entirely realized."

We are headquartered in Portland, Oregon and have production, maintenance, and logistics facilities in Central Point, Oregon. We currently maintain a year-round international presence with subsidiaries in Canada, Italy, and Malaysia, and a seasonal operating presence in Australia and Greece.

Our Competitive Strengths

We believe that we possess the following competitive strengths:

Versatile Heavy-Lift Helicopter Solutions. The versatility and high payload capacity of the S-64 make it an attractive solution for a wide variety of aerial services. We believe our role as the manufacturer of the S-64, 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." We believe our fleet of 17 owned S-64 Aircranes is the largest commercial fleet of helicopters in the world capable of carrying loads in excess of 20,000 lbs. See "The Commercial Heavy-Lift Helicopter Industry Commercial Heavy-Lift Helicopter Alternatives." To operate our fleet, we have the world's largest pool of S-64 pilots and support crews, each of whom has had years of training and experience to meet required proficiency levels. See "Business Employees and Training."

Our engineering staff has developed several proprietary accessories for the S-64 that provide the aircraft with unique, mission-specific operational capabilities for the firefighting, timber harvesting, and infrastructure construction markets. We offer cost-competitive aerial firefighting solutions and employ sustainable timber harvesting techniques. We believe that the S-64's position as the only commercial helicopter with a rear load-facing cockpit, enabling unique precision lift and load placement, provides us with a competitive advantage and growth opportunities across a wide range of precision heavy-lifting markets such as alternative energy, oil and gas pipeline, electricity transmission grid, broadcasting tower, and other infrastructure construction projects.

Vertically Integrated Business Model. We offer a full spectrum of heavy-lift helicopter solutions, including the design, engineering, development, manufacturing, and testing of the S-64 aircraft, as well as aerial services, crewing, MRO, and aftermarket support. Our integrated business model allows us to leverage our knowledge and breadth of capabilities to increase operational efficiency and fleet/employee utilization while enhancing product quality and performance. 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 S-64 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 reduces our costs and diversifies our revenue stream.

Established International Presence. During our history, we have operated in 16 countries across four 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, and Malaysia, and a seasonal operating presence in Australia and Greece. Our global reach and our efficient management structure enables 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 12 to our consolidated financial statements included in this prospectus.

Proprietary Technologies and Continuous Innovation. Since acquiring the S-64 Type Certificate, we have made over 350 design improvements to the S-64, which we believe maintain the S-64's position as one of the most versatile and technologically advanced commercial heavy-lift helicopters in the world. Some of our innovations include a 2,650 gallon firefighting tank system with a snorkel attachment to fill the tank with salt or fresh water in less than 45 seconds, a "heli harvester" for aerial timber harvesting without ground crews, and an anti-rotation device that prevents load rotation and increases close tolerance load placement capabilities. 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 focus on building long-term relationships with key customers through reliable performance and a strong commitment to safety and service. Some of our customers have been continuous customers for more than 20 years. We believe that our established relationships and our focus on meeting or exceeding our customers' expectations allow us to effectively compete for and win new projects and contract renewals. We also believe our customer relationships are strengthened by our focus on providing a full range of heavy-lift helicopter solutions, from OEM and aerial services to crewing, MRO, and aftermarket support. Our long-term relationships help provide us with visibility with respect to our revenue, aircraft utilization, and scheduled usage patterns. Since 2008, we have increased our focus on obtaining long-term contracts with key customers. In 2009, we derived more than 50% of our revenues from long-term contracts, some of which extend through 2014.

Experienced and Growth-Oriented Management Team. Our senior management team is composed of five individuals, including a former U.S. military helicopter pilot, with an average of 31 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. This team also has a successful track record of identifying, pursuing, and executing on key growth opportunities and long-term contracts.

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 components 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 plan to grow our business in each of the aerial services markets in which we currently operate, while also pursuing 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. We expect to opportunistically expand our aircraft fleet to support customer demand.

Firefighting. We intend to opportunistically enter European, Asian, and South American markets that have significant fire seasons where we do not currently have a presence. The seasonal differences between these countries and those we currently serve provide us with the opportunity to increase our global fleet's utilization and are expected to give us more scale in each of the key regions in which we intend to grow.

Timber harvesting. We intend to opportunistically enter additional markets in South America and Asia where high-value timber resources are particularly abundant and present significant growth potential for our heavy-lift solutions. In addition, we expect to continue to capitalize on the growing global political and social sentiment favoring sustainable and environmentally friendly timber harvesting activities, 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. We have successfully executed contracts in several countries and we believe that we have the opportunity to enter new markets that could benefit from our capabilities and extensive experience. 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 infrastructure construction.

Emergency response. We are currently developing 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 our crewing services from customers who have purchased our aircraft and we expect this trend to continue as the global installed base of S-64s expands.

Increase Our S-64 Aircraft Sales. Our goal is to increase sales of the S-64 to existing and new customers in several countries worldwide. In addition to generating profits upon sale, increasing the installed base of S-64s is expected to lead to increased demand for our crewing services, OEM components, MRO, and other aftermarket services. We have established a sales team that is solely focused on new aircraft sales, and we entered into an arrangement for the sale of five Aircranes to Wan Yu Industries Groups, Limited (China Taicang Aircrane Company, Limited). The obligations of each party to perform under the agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012.

Expand Our MRO and Aftermarket Solutions. We intend to expand our MRO and aftermarket solutions by pursuing new opportunities in heavy and medium aircraft maintenance. Our highly trained engineers and maintenance support personnel are capable of performing significant maintenance services for both rotary and fixed-wing aircraft. We intend to leverage our expertise with the S-64 to extend our MRO capabilities across similar aircraft platforms. In addition to performing MRO and aftermarket services for the S-64, we believe we are also well-positioned to design, develop, and manufacture product enhancements for other aircraft directly or in partnership with rotary and fixed-wing aircraft 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 which leverage our engineering expertise, such as our non-binding memorandum of

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understanding with Bell Helicopter Textron Inc. (Bell) for the exclusive design, certification, manufacture, and delivery of an enhanced fuel system for one of its legacy helicopter models. There is no guarantee, however, that we will enter into a binding agreement with Bell.

Maintain a Continued Focus on Research and Development. To effectively maintain our success, we are dedicated to continuous innovation and significant research and development projects. Our operations have benefited from innovations such as our fire tank and snorkel, anti-rotation device and hoist, and hydraulic grapple. We have several new product applications and aircraft accessories under development, including a redesigned Automated Flight Control System, night vision cockpit instrumentation, an aerial vacuum lift device, composite main rotor blades, and a universal multi-purpose container for cargo transportation. See " 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 service 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 market. Our ability to execute on our strategy is subject to risks and uncertainties described in "Risk Factors."

Changes to Our Company Since Our 2007 Acquisition

Our company has benefited from an entrepreneurial, results-focused culture since we began helicopter timber harvesting in 1971. Since our acquisition in 2007, we have added strong professional aerospace managers to our team and enhanced our business management systems. We believe that these changes will allow us to capitalize on our competitive strengths and grow our business. Changes include:

Management. Within the last two years, we have added four of the five members of our senior management team, including our new CEO and CFO, as well as new Heads of Aircraft Manufacturing and MRO, and Aerial Services. This management team has extensive experience in the helicopter services and aerospace manufacturing sectors and has brought about 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.

Focus on long-term contracts. Prior to our acquisition, we maintained few long-term contracts. Our new focus on obtaining long-term contracts increased our backlog as of December 15, 2010 by $412.2 million to $445.2 million compared to September 26, 2007. Throughout 2009, we derived more than 50% of our revenues from long-term contracts, some of which extend beyond 2014. See "Business Backlog" for a discussion of how we define and calculate backlog. See "Risk Factors We have a significant backlog that may be deferred or 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 S-64s remains the largest component of our current MRO activities, we have broadened our focus to leverage our expertise with the S-64 to offer MRO services across similar aircraft platforms. We are currently pursuing various aftermarket OEM opportunities.

Increased effort to expand Aircrane sales. Since our acquisition, we have hired a new sales and marketing team and established a dedicated group focused solely on expanding Aircrane sales. The new group has significantly increased our sales pipeline activities. 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) and entered into an arrangement in December 2010 for the sale of an additional five Aircranes to a Chinese customer. The obligations of each party to perform under the December 2010 agreement are conditioned on the customer's payment on or before January 31, 2011 of a non-refundable deposit. There is no guarantee that the customer will make the deposit, however, and we may have no legal recourse, other than termination of the agreement, if the customer does not make the deposit. In addition, the arrangement is subject to substantial risks and uncertainties. See "Risk Factors Our recent arrangements with a Chinese customer are subject to substantial risks and uncertainties." We would expect to deliver the five aircraft under the agreement in 2011 and 2012. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business Aircrane Sales."

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 Erickson a 100% performance rating.

Increased media exposure. Our management team has pursued various opportunities to increase the S-64'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 S-64 Aircrane is a versatile and powerful precision heavy-lift helicopter with lift capacity of up to 25,000 lbs. The S-64 is the only commercial aircraft built specifically as a flying crane, in contrast to those with fuselages built for internal loads. The S-64's unique design allows us to perform a wide variety of critical services, including firefighting, timber harvesting, and infrastructure construction. The S-64 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."

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The table below highlights the specifications of our two S-64 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 lbs.	47,000 lbs.
Empty Weight	20,200 lbs. average	20,400 lbs. average
Payload Capacity	20,000 lbs.	25,000 lbs.
Max Cruise Speed	115 knots = 132 mph	104 knots = 119 mph

The S-64 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 improvements to the original design, which have significantly enhanced the S-64'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 S-64 tools and accessories. Components such as the anti-rotation device and hoist, hydraulic grapple, and high-volume fire tank and snorkel enhance the S-64'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 S-64 accessories.

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 ft.
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 logging operations with no ground crew required during helicopter operations

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Accessory	**Market**	**Description**
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