Erickson Air-Crane Inc
Form 424B4
April 12, 2012

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Registration No. 333-166752

PROSPECTUS

Erickson Air-Crane Incorporated
4,800,000 Shares
Common Stock
$8.00 per share

This is Erickson Air-Crane Incorporated's initial public offering. We are selling 4,800,000 shares of our common stock.

Currently, no public market exists for the shares. Our common stock has been approved for listing on The NASDAQ Global Market under the symbol "EAC."

Two of our principal stockholders, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. (the "Purchasing Stockholders"), have agreed to purchase an aggregate of 1,050,000 shares of our common stock from the underwriters in this offering at the initial public offering price.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 17 of this prospectus.

	Per Share		Total
Public offering price	$8.00	$	38,400,000
Underwriting discount[1]	$0.56	$	2,100,000
Proceeds, before expenses, to us	$7.44	$	36,300,000

(1) No underwriting discounts or commissions will be applicable with respect to any shares of common stock that are sold to the Purchasing Stockholders.

We have granted the underwriters an option to purchase up to an additional 720,000 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.

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 April 16, 2012.

Stifel Nicolaus Weisel **Oppenheimer & Co.** **Lazard Capital Markets**

D.A. Davidson & Co. **Wedbush Securities**

The date of this prospectus is April 10, 2012.

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Neither we nor the underwriters 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 nor the underwriters take any responsibility for, nor can provide any assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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

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EXPLANATORY NOTE REGARDING RECAPITALIZATION

In connection with this offering, we will amend and restate our certificate of incorporation to reclassify our Series A Redeemable Preferred Stock and our Class A Common Stock into an aggregate of 4,802,970 shares of our common stock. Unless otherwise noted, the information in this prospectus gives effect to our recapitalization and the amendment and restatement of our certificate of incorporation. We also intend to adopt a 2012 Long-Term Incentive Plan under which we intend to issue restricted stock units ("RSUs") concurrently with the closing of this offering. See "Capitalization" and "Executive Compensation 2012 Long-Term Incentive Plan" for additional information.

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PROSPECTUS SUMMARY

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

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

Our Company

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

We own and operate a fleet of 17 Aircranes, which we use to support a wide variety of government and commercial customers worldwide across a broad range of aerial services, including firefighting, timber harvesting, infrastructure construction, and crewing. We refer to this segment of our business as Aerial Services. We also manufacture Aircranes and related components for sale to government and commercial customers and provide aftermarket support and maintenance, repair, and overhaul services for the Aircrane and other aircraft. We refer to this segment of our business as Aircraft Manufacturing and Maintenance, Repair, and Overhaul ("Manufacturing / MRO"). As part of our Manufacturing / MRO segment, we also offer cost per hour ("CPH") contracts pursuant to which we provide components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. We believe CPH contracts help our customers better predict and manage their maintenance costs. In 2010, our Aerial Services and Manufacturing / MRO segments generated revenues of $105.7 million and $12.5 million, respectively, and in 2011, our Aerial Services and Manufacturing / MRO segments generated revenues of $138.6 million and $14.1 million, respectively. In 2010, we had a net loss attributable to Erickson Air-Crane of $8.3 million, and in 2011, we had net income attributable to Erickson Air-Crane of $15.9 million.

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

We have manufactured 33 Aircranes for our own fleet and for our customers in several countries worldwide. To date, we have sold and delivered nine Aircranes, including our first sale to a commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated).

We believe we are the only fully integrated developer, manufacturer, operator, and provider of aftermarket parts and services for a precision heavy-lift helicopter platform, and that there are significant growth opportunities for our business. For example, we believe population growth and deconcentration, which increases the size and breadth of communities that must be protected from wildfires, will lead to increased government spending on rapid response, heavy-lift firefighting solutions such as the Aircrane.

See "Business Competition" and "The Commercial Heavy-Lift Helicopter Industry Commercial Heavy-Lift Helicopter Markets." There is, however, no guarantee that growth will occur in the markets we serve or that we will be able to take advantage of growth opportunities. See "Risk Factors."

We target long-term contract opportunities and had a total backlog of $212.8 million as of February 29, 2012, of which $128.0 million was from signed contracts and $84.8 million was from anticipated exercises of customer extension options (including $54.3 million from multi-year annual customer extension options). We had a total backlog of $298.9 million as of February 28, 2011, of which $176.4 million was from signed contracts and $122.5 million was from anticipated exercises of customer extension options (including $22.6 million from multi-year annual customer extension options). No sales of Aircranes were associated with our backlog as of February 29, 2012 or February 28, 2011. We define long-term contracts as contracts of six months or more, to distinguish them from our contracts related to a specific task for a customer, which are generally short-term engagements. We include anticipated exercises of customer extension options in our backlog when our prior operating history, including past exercises of extension options by such customers and the other circumstances specific to the particular contract, causes us to conclude that the exercise of such extension option is likely. We expect that approximately $123.8 million of the backlog will not be filled in 2012. See "Business Backlog" for a discussion of how we define and calculate backlog. There is no guarantee, however, that any customer will exercise its extension options or that any contracts will be renewed or extended. See "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized."

Our Aerial Services operations are seasonal and tend to peak in June through October and tend to be at a low point in January through April. As a result of this seasonality, we have historically generated higher revenue in our third quarter as compared to other quarters, and received the majority of our cash in the second half of the calendar year. We had cash used in operations of $8.4 million for the year ended December 31, 2010 and $20.7 million for the year ended December 31, 2011. Cash used in operations included an increase in inventory and work in process of approximately $26.7 million and $25.7 million for the years ended December 31, 2010 and 2011, respectively. A significant portion of this increase was attributable to the manufacture of two Aircranes during 2010 and 2011 that are currently held in inventory. We expect to have a significant decrease in the amount of cash used for inventory in 2012 as compared to the amounts used in 2010 and 2011 and, to a lesser extent, savings resulting from our reduction-in-force in November 2011. As a result, we believe that our cash flows from operations, together with cash on hand and the availability of our revolving credit facility, will provide us with sufficient liquidity to operate our business for the foreseeable future. However, there is no guarantee that we will have sufficient liquidity, and our significant debt service obligations could adversely affect our financial condition and impair our ability to grow and operate our business and comply in 2012 with the financial covenants under the credit agreement dated June 24, 2010 by and among us, Wells Fargo Bank, National Association ("Wells Fargo"), Keybank National Association, Bank of the West, Bank of America, N.A., and Union Bank, N.A. (as amended, the "Credit Agreement"). See "Risk Factors Risks Relating to Our Business Our indebtedness and significant debt service obligations could adversely affect our financial condition and impair our ability to grow and operate our business and we might not comply with the financial covenants under our Credit Agreement in 2012." See also " Our Strategy Increase Our Aircrane Sales" and " Risks Related to Our Business."

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

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

Our Competitive Strengths

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

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

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

Established International Presence. During our history, we have operated in 18 countries across five continents. Global operations allow us to maximize the use of our fleet for seasonal aerial services and position us to capitalize on opportunities in a broad range of geographies. We currently maintain a year-round international presence in Canada, Italy, Malaysia, and Peru, and an operating presence in Australia and Greece. Global operations expose us to risks, such as currency fluctuations, different regulatory and legal environments, and risks of financial, political, and other instability related to the countries in which we operate. See "Risk Factors Risks Related to Our Business Our business is subject to risks associated with international operations, including operations in emerging markets."

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

Valuable Long-Term Customer Relationships and Contracts. We believe that our established relationships with customers, some of whom have been customers for more than 20 years, allow us to effectively compete for and win new projects and contract renewals. Our long-term relationships help provide us with visibility with respect to our revenue, aircraft utilization, and scheduled usage patterns. We increased our backlog as of February 29, 2012 by $179.8 million to $212.8 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We had $298.9 million of backlog at February 28, 2011. No sales of Aircranes were associated with our backlog as of February 29, 2012 or February 28, 2011. We derived approximately 76% of our 2010 revenues and approximately 83% of our 2011 revenues from long-term contracts. We define a long-term contract to be a contract with a duration of six months or more. See "Business Backlog" for a discussion of how we define and calculate backlog. While our contracts with our largest customers have a term of six months or more, they may be subject to annual renewals or customer extension options, and there is no guarantee that such contracts will be renewed or extended. See also "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized."

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

Our Strategy

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

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

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

Timber harvesting. We intend to opportunistically enter new markets in South America and Asia where abundant high-value timber resources present significant growth potential for our heavy-lift solutions. In addition, we expect to continue to capitalize on the growing desire for sustainable timber harvesting practices, as we have done in North America and Malaysia. Specifically, we have been able to secure Aerial Services contracts in the United States, Canada, and Malaysia supporting customers who do not clear cut timber (which allows for easier access by road) and instead use sustainable timber harvesting practices that require extraction of heavy timber loads from sites that may not be accessible by ground transportation.

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

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

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

Increase Our Aircrane Sales. We have not sold an Aircrane since 2009, but have manufactured two Aircranes that are ready for sale, one of which is complete and one of which is substantially complete. These two Aircranes are currently held in inventory and are not part of our fleet of 17 Aircranes that we operate for our customers. We intend to increase sales of the Aircrane to existing and new customers. In addition to generating profits upon sale, we expect an increase in the installed base of Aircranes to augment demand for our crewing services, OEM components, and MRO and other aftermarket services. We have established a sales team that is focused on expanding Aircrane sales and has significantly increased our sales pipeline activities. However, potential sales of Aircranes are subject to considerable uncertainties. For example, in September 2010, we entered into an aircraft purchase agreement for the purchase of one Aircrane with Aliar Aircrane Servicos Especializados Ltda that was subject to a purchaser financing condition. No payments were made by the purchaser and the agreement terminated. In December 2010, we entered into a non-binding memorandum of understanding with Wan Yu Industries Groups, Limited for the purchase of five Aircranes that was subject to a condition that the customer pay a non-refundable deposit by the end of January 2011. The deposit with respect to such potential Aircrane sales was not received and therefore the arrangement terminated. On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT Netherlands B.V. ("HRT"), a subsidiary of HRT Participações em Petróleo S.A., a Brazilian oil and gas exploration company. HRT declined to exercise its option to purchase the Aircrane pursuant to such agreement and the lease expired on January 15, 2012. The failure of HRT to exercise its purchase option or the failure by us to otherwise sell an Aircrane increases the risk that we may fail to comply with the financial covenants under our Credit Agreement in 2012. See "Risk Factors Risks Related to Our Business Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business." In February 2012, we entered into a non-binding letter of intent with Türk Hava Kurumu ("THK"), a Turkish governmental aviation organization, pursuant to which THK expressed its intent to purchase one Aircrane on or prior to June 30, 2012. The terms of the binding purchase agreement remain subject to ongoing negotiations between us and THK, and we do not know when such negotiations will conclude. There can be no assurance that THK will purchase an Aircrane. See " Recent Developments." In addition, a sale of one of the 17 Aircranes that is part of our fleet would reduce the number of Aircranes available to provide Aerial Services. If we consummate such a sale, we may not always have the ability to maintain our desired level of Aerial Services operations with a reduced fleet, and our results of operations could be adversely affected. See "Risk Factors Risks Related to Our Business Our Aerial Services revenues depend on the availability and size of our Aircrane fleet."

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

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

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

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

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

Changes to Our Company Since Our 2007 Acquisition

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

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

Focus on Long-Term Relationships and Contracts. We have focused on building a diverse range of long-term relationships and obtaining long-term contracts. We have increased our backlog as of February 29, 2012 by $179.8 million to $212.8 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We derived approximately 76% of our 2010 revenues and approximately 83% of our 2011 revenues from long-term contracts. We define a long-term contract to be a contract with a duration of six months or more. See "Business Backlog" for discussion of how we define and calculate backlog. See also "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized."

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

Oil and Gas Pipeline Construction. We have begun penetrating the oil and gas pipeline construction services market. We have recently entered into a three-year services contract with an oil and gas exploration company in Peru.

Increased Effort to Expand Aircrane Sales. Our sales group is dedicated to expanding Aircrane sales, and has significantly increased our sales pipeline activities. We may enter into agreements providing options to potential customers on future aircraft deliveries, which options only become binding obligations on us if non-refundable deposits are paid. The options allow us to engage potential customers in the sale process. However, there is no assurance that any options will be exercised or any conditional sales will be completed. See " Our Strategy Increase Our Aircrane Sales" above and "Risk Factors Risks Related to Our Business Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement."

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 meet or exceed all recommended Federal Aviation Administration ("FAA") standards.

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Recent Developments

Since December 31, 2011, a number of developments have occurred that may have a material impact on our business:

Helifor Contract. In January 2012, we and our Canadian subsidiary, Canadian Air-Crane Limited, entered into a one-year aircraft services agreement with Columbia Helicopters, Inc. ("Columbia Helicopters"), a U.S. heavy-lift helicopter operator, and Helifor Canada Corporation ("Helifor"), a Canadian heavy-lift helicopter operator. Under the terms of the agreement, we will provide aviation services in the United States and Canada as of January 15, 2012 to Columbia Helicopters and Helifor. The total amount we expect to be paid pursuant to this agreement is approximately $7.6 million.

Western Forest Products Contract. In January 2012, our Canadian subsidiary, Canadian Air-Crane Limited, amended its existing agreement with Western Forest Products Inc. ("Western Forest Products"), a Canadian forest products and timberlands management company, to establish the terms for one year of aviation services. Under the terms of the agreement, we will provide aviation services in Canada as of February 1, 2012 to Western Forest Products. The total amount we expect to be paid pursuant to this agreement is approximately C$13.6 million.

Samling Global Contract. In February 2012, our Malaysian subsidiary, Erickson Aircrane Malaysia Sdn. Bhd., entered into an amendment to our existing logging contract with Syarikat Samling Timber Sdn. Bhd. ("Samling Global") to extend the contract term to January 31, 2013. Pursuant to the amended contract, we began providing aerial timber harvesting services in Malaysia on February 1, 2012 to Samling Global. The total amount we expect to be paid pursuant to this agreement is approximately $11.2 million.

THK Letter of Intent. In February 2012, we entered into a non-binding letter of intent with THK, pursuant to which THK expressed its intent to purchase one Aircrane on or prior to June 30, 2012. The terms of a binding agreement remain subject to ongoing negotiations between us and THK, and we do not know when such negotiations will conclude. The letter of intent also provides that we will grant THK an option, expiring on December 31, 2013, to purchase three additional Aircranes. This option does not specify a purchase price or any other potential terms of purchase and will be subject to further negotiation of a binding agreement. There can be no assurance that THK will purchase an Aircrane. If THK elects to purchase an Aircrane, it may need to obtain financing, which it may not be able to obtain on terms acceptable to THK, if at all. See "Risk Factors Risks Related to Our Business Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement."

U.S. Forest Service Claim. On February 1, 2012 the Civilian Board of Contract Appeals issued its final decision with respect to our claim against the U.S. Forest Service for recovery of $2.8 million related to costs incurred in 2008 under our contracts with the U.S. Forest Service that we were not able to mitigate as a result of a stop work order. The Civilian Board denied our claim in full. Accordingly, as of December 31, 2011, we reduced the receivable to zero. The write-off of this receivable increases the risk that we will be unable to comply with the financial covenants under our Credit Agreement in 2012. See "Business Legal Proceedings."

Hellenic Fire Brigade (Greece) Contract. Our contract with the Hellenic Fire Brigade calls for annual confirmation notices. On January 31, 2012, the Hellenic Fire Brigade notified us that it would not exercise its option to extend our existing contract for the 2012 fire season, which contract relates to the use of three Aircranes during the summer of 2012. The Hellenic Fire Brigade has not notified us whether it intends to exercise its option for the 2013 fire season. As a result of these developments, we are not currently providing services to the Hellenic Fire Brigade and our backlog has been reduced by approximately $25.4 million relating to services we had expected to provide to the Hellenic Fire

Brigade in 2012 and 2013. See "Business Backlog" for a discussion of how we define and calculate backlog. We did not receive any advance payments under this contract for 2012.

Our agents and representatives in Greece have informed us that the Hellenic Fire Brigade has cancelled or not exercised its extension options in respect of all of its firefighting contracts for 2012 with us and all other aerial service providers. The NATO Maintenance and Supply Agency ("NAMSA"), which provides various logistics services for NATO nations, has posted on its website a request for proposal for Greek aerial firefighting services for the 2012 to 2014 firefighting seasons. We have registered as a NAMSA supplier and we expect to provide a response by late April to the request for proposal to compete for the requested aerial firefighting services to be provided by three heavy-lift helicopters in Greece for 2012 through 2014. The aircraft specifications for the requested services are similar to those relating to the previous tender by the Hellenic Fire Brigade in 2010 that we successfully won. The Hellenic Fire Brigade has been a continuous customer of ours for more than ten years through several successful re-tendering processes. There is no guarantee that our bid will be successful or that we will be able to satisfy tender specifications. If a Greek contract is awarded to us, there is no guarantee that our revenues and profit margins thereunder will be similar to those that we have received in connection with past contracts with the Hellenic Fire Brigade. If a Greek contract is not awarded to us and we are unable to redeploy the three Aircranes we have historically used to provide services in Greece in order to generate comparable revenues and operating earnings, we may fail to comply with the financial covenants under our Credit Agreement in 2012.

Account Receivable from Hellenic Fire Brigade. We have approximately $5.8 million in outstanding accounts receivable due from the Hellenic Fire Brigade that are currently past due. In February 2012, the Hellenic Fire Brigade informed our agents and representatives in Greece that, although funds for this receivable have been allocated for payment to us, under Greek law it cannot make the payment until a tax withholding issue is resolved. We are currently working with our agents and representatives in Greece, local tax advisors, and the Greek tax authorities to resolve this withholding tax issue. The timing of such payment is uncertain. See "Risk Factors Risks Related to Our Business Our failure to timely collect our receivables could adversely affect our cash flows and results of operations and our compliance with the financial covenants under our Credit Agreement."

Risks Related to Our Business

Our business is subject to numerous risks and uncertainties of which you should be aware and that you should carefully consider before investing in shares of our common stock. These risks are more fully discussed in the section entitled "Risk Factors" following this prospectus summary and include but are not limited to the following:

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.

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.

Our indebtedness and significant debt service obligations could adversely affect our financial condition and impair our ability to grow and operate our business and we might not comply with the financial covenants under our Credit Agreement in 2012.

If our business does not perform as expected, including if a Greek contract is not awarded to us or we otherwise generate less than anticipated revenue from our Aerial Services operations or encounter significant unexpected costs, we may fail to comply with the financial covenants under our Credit Agreement in 2012. For a description of these financial covenants, see "Management's Discussion and

Analysis of Financial Condition and Results of Operations Description of Indebtedness Senior Credit Facilities."

We were not in compliance with certain financial covenants under our Credit Agreement as of December 31, 2010 and March 31, 2011, and subsequent amendments to our Credit Agreement waived such non-compliance. We cannot assure you that, if we fail to comply with the financial covenants under our Credit Agreement, our lenders will agree to waive any non-compliance.

We depend on a small number of large customers for a significant portion of our revenues. In particular, for the years ended December 31, 2010 and 2011, 24.4% and 27.2% of our revenues, respectively, were attributable to our contract with the U.S. Forest Service, 13.8% and 15.9% of our revenues, respectively, were attributable to our contract with the Italian Ministry of Civil Protection, 11.0% and 8.4% of our revenues, respectively, were attributable to services provided to the Hellenic Fire Brigade, and 12.3% and 7.0% of our revenues, respectively, were attributable to our contract with Samling Global. For the years ended December 31, 2010 and 2011, 9.0% and 0% of our accounts receivable at the end of such periods, respectively, were attributable to our contract with the U.S. Forest Service, 10.5% and 18.9% of our accounts receivable at the end of such periods, respectively, were attributable to our contract with the Italian Ministry of Civil Protection, 16.2% and 21.6% of our accounts receivable at the end of such periods, respectively, were attributable to services provided to the Hellenic Fire Brigade, and 7.8% and 6.7% of our accounts receivable at the end of such periods, respectively, were attributable to our contract with Samling Global. Should we lose one of our major customers for any reason, we may be unable to identify new opportunities sufficient to avoid a reduction in our revenues and operating earnings, which would have a material adverse effect on our business and operations. In light of the ongoing European sovereign debt crisis, there are heightened risks associated with our future revenue attributable to, and our accounts receivable from, the Hellenic Fire Brigade and the Italian Ministry of Civil Protection. On January 31, 2012, the Hellenic Fire Brigade notified us that it would not exercise its option to extend our existing contract for the 2012 fire season. See " Recent Developments."

If we do not receive any portion of the receivable that we are owed by the Hellenic Fire Brigade, we may incur a charge to write-off such portion, and there is a risk that any such write-off may adversely affect our ability to comply with the financial covenants under our Credit Agreement in 2012.

After this offering, entities affiliated with ZM Equity Partners, LLC will own approximately 61% of our outstanding common stock, and two of our directors will continue to be managing directors of Centre Lane Partners LLC, an affiliate of ZM Equity Partners. As a result, these stockholders, acting individually or together, could exert significant influence over all matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions. These stockholders may take action by written consent without a meeting of stockholders until such date that ZM EAC LLC, ZM Private Equity Fund I, L.P., or ZM Private Equity Fund II, L.P., their affiliates, or any express assignee or designee of ZM EAC LLC, ZM Private Equity Fund I, L.P., or ZM Private Equity Fund II, L.P., and such assignees or designee's affiliates cease to own, in the aggregate, at least 30% of the outstanding shares of our common stock (the "Trigger Date"). Their interests may not coincide with yours, and they may make decisions with which you may disagree.

Although we intend to use the proceeds of this offering to pay down indebtedness under our revolving credit facility in order to increase the likelihood of our compliance with the financial covenants under our Credit Agreement and to improve our ability to refinance our senior credit facilities, there will remain uncertainties regarding our ability to comply with our financial covenants in 2012 and 2013 and achieve such refinancing.

We have significant payment obligations due in 2013 as a result of the maturity of our senior credit facilities on June 24, 2013 and the possible exercise by one of our significant customers of a put option that would, if exercised, require us to repurchase on July 31, 2013 the Aircrane we sold to such customer. Our ability to finance such repurchase may depend on our ability to refinance our senior credit facilities.

If we are unable to repay or refinance our outstanding unsecured subordinated promissory notes at or prior to maturity in 2015 and 2016, our business, financial condition, and results of operations may be adversely affected. At maturity, the notes due in 2015 will have a principal amount outstanding, including accrued and unpaid interest, of $16.5 million, and the notes due in 2016 will have a principal amount outstanding, including accrued and unpaid interest, of $19.4 million. Our ability to repay or refinance these notes is restricted by our senior credit facilities and may be restricted by terms of any new credit facilities we may enter into to refinance our senior credit facilities.

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

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

In November 2011, we completed a company restructuring which included a reduction-in-force of 119 employees that affected both our Aerial Services and Manufacturing / MRO segments. The restructuring was needed to realign our operating expenses to ensure that we remain competitive in the markets we serve. However, as a result of the reduction-in-force, we may experience longer aircraft delivery lead times for future customers who wish to purchase Aircranes, which may delay the timing of our aircraft sales revenues in the future. In the event that we experience significantly increased customer demand to purchase our Aircranes, we anticipate being able to meet such demand by rapidly expanding our manufacturing capacity and related resources. However, such expansion may require us to incur significant costs.

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THE OFFERING

Common stock offered by Erickson Air-Crane Incorporated	4,800,000 shares
Common stock to be outstanding after this offering	9,602,970 shares
Common stock subject to overallotment option granted by Erickson Air-Crane Incorporated	720,000 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 will receive net proceeds from the sale of shares of common stock in this offering of approximately $31.9 million, based on the initial public offering price of $8.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the proceeds of this offering to pay down indebtedness under our revolving credit facility, which will increase the amounts available for future borrowing under our revolving credit facility and will, in our view, increase the likelihood of our compliance with the financial covenants under our Credit Agreement on an ongoing basis and improve our ability to refinance our senior credit facilities. As of December 31, 2011, our total indebtedness, excluding letters of credit, was $130.6 million, consisting of $51.8 million borrowed under our revolving credit facility, $55.3 million borrowed under our term loan facility and $23.5 million borrowed under our unsecured subordinated promissory notes. At December 31, 2011, we had maximum availability for borrowings under our revolving credit facility of approximately $13.4 million. See "Use of Proceeds" for additional information.
NASDAQ Global Market symbol	"EAC"
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before investing in shares of our common stock.

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

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

- 417,649 shares of common stock reserved for issuance under our 2012 Long-Term Incentive Plan, which we intend to adopt prior to the closing of this offering, which includes the following RSUs that we intend to issue concurrently with the closing of this offering: (1) 252,935 RSUs to certain members of our management and (2) 4,864 RSUs to our independent directors; and

- the shares of common stock to be sold by us 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, 2010 and 2011 and for the years ended December 31, 2009, 2010, and 2011 from our audited consolidated financial statements and notes thereto, which are included elsewhere in this prospectus. The balance sheet data as of December 31, 2009 has been derived from our audited consolidated financial statements which are not included in this prospectus.

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

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(In thousands, except share and per share amounts)	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Consolidated Statement of Operations Data:			
Net revenues:			
Aerial services	$ 113,603	$ 105,747	$ 138,637
Manufacturing / MRO[1]	36,019	12,493	14,132
Total net revenues	149,622	118,240	152,769
Cost of revenues:			
Aerial Services	76,855	81,353	93,566
Manufacturing / MRO	21,272	7,651	13,730
Total cost of revenues	98,127	89,004	107,296
Gross profit	51,495	29,236	45,473
Operating expenses:			
General and administrative	14,877	14,105	13,023
Research and development	6,889	6,400	4,827
Selling and marketing	5,115	6,987	9,940
Restructuring charges			1,084
Total operating expenses	26,881	27,492	28,874
Operating income (loss)	24,614	1,744	16,599
Other income (expense):			
Interest income	157	14	7
Interest expense	(6,163)	(4,879)	(9,157)
Loss on early extinguishment of debt[2]		(2,265)	
Other income (expense)[3]	(987)	(6,193)	3,885
Total other income (expense)	(6,993)	(13,323)	(5,265)
Net income (loss) before income taxes and noncontrolling interest	17,621	(11,579)	11,334
Income tax expense (benefit)[4]	5,330	(3,544)	(4,926)
Net income (loss)	12,291	(8,035)	16,260
Less: Net (income) loss related to noncontrolling interest	(239)	(216)	(390)
Net income (loss) attributable to Erickson Air-Crane Incorporated	12,052	(8,251)	15,870
Dividends on Series A Redeemable Preferred Stock[5]	6,806	7,925	9,151
Net income (loss) attributable to common stockholders	5,246	(16,176)	6,719
Net income (loss)	12,291	(8,035)	16,260
Other comprehensive income (loss):			
Foreign currency translation adjustment	571	45	(402)
Comprehensive income (loss)	$ 12,862	$ (7,990)	15,858
Pro forma earnings (loss) per share (unaudited):[6]			
Basic	$ 2.51	$ (1.72)	3.30
Diluted	$ 2.38	$ (1.72)	3.14
Pro forma weighted average shares outstanding (unaudited):[6]			
Basic	4,802,970	4,802,970	4,802,970
Diluted	5,060,769	4,802,970	5,060,769

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(In thousands)	As of December 31, 2009	As of December 31, 2010	As of December 31, 2011
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 3,536	$ 1,928	$ 268
Aircranes, property, plant and equipment, net	44,829	52,515	56,629
Working capital(7)	6,702	5,538	32,955
Total assets	178,967	203,703	233,911
Total debt(2)	80,546	93,894	130,570
Series A Redeemable Preferred Stock(8)	49,085	57,010	66,161
Stockholders' equity:			
Common stock	1	1	1
Total stockholders' equity (deficit)	485	(15,598)	(9,145)

(In thousands)	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Consolidated Statement of Cash Flow Data:			
Net cash provided by (used in):			
Operating activities	$ 9,900	$ (8,430)	$ (20,723)
Investing activities	(2,667)	(5,017)	(13,083)
Financing activities	(5,662)	11,057	32,759

(In thousands, except percentages)	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Other Financial Data:			
Gross margin %	34.4%	24.7%	29.8%
Operating margin %	16.5%	1.5%	10.9%
EBITDA (unaudited)(9)	$ 28,742	$ (1,482)	$ 28,269
Bank EBITDA (unaudited)(10)	$ 31,496	$ 11,859	$ 25,069

(1) Net revenues from Manufacturing / MRO reflect the sale of one Aircrane in 2009, zero Aircranes in 2010, and zero Aircranes in 2011.

(2) Debt is comprised of amounts outstanding under our credit facilities and our unsecured subordinated promissory notes. In June 2010, we replaced our former revolving credit facility and our former 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."

(3) Other income (expense) for the year ended December 31, 2010 includes a net gain related to an Aircrane accident in Malaysia of $6.3 million, after accounting for insurance proceeds, and $10.0 million in litigation settlement expenses. In 2011, we recognized income of $2.7 million associated with the reversal of interest expense from a tax settlement.

(4) Income tax expense (benefit) for the year ended December 31, 2011 includes a tax benefit of $9.5 million in connection with a tax settlement.

(5) 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 reclassified into 4,802,970 shares

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of a single class of common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization."

(6)

Pro forma amounts give effect to our recapitalization in connection with this offering, including the reclassification of Series A Redeemable Preferred Stock and Class A Common Stock as common stock. The pro forma weighted diluted share amounts also include 257,799 shares of common stock related to RSUs that we intend to issue concurrently with the closing of this offering under our 2012 Long-Term Incentive Plan (except for the year ended December 31, 2010 because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2012 Long-Term Incentive Plan."

(7)

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

(8)

Represents Series A Redeemable Preferred Stock which will be reclassified as common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization" and note 5 above.

(9)

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

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

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

(In thousands)	**Year Ended December 31, 2009**	**Year Ended December 31, 2010**	**Year Ended December 31, 2011**
EBITDA Reconciliation:			
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 12,052	$ (8,251)	$ 15,870
Interest expense, net	6,006	4,865	9,150
Tax expense (benefit)	5,330	(3,544)	(4,926)
Depreciation	4,378	4,745	7,300
Amortization of debt issuance costs	976	703	875
EBITDA	$ 28,742	$ (1,482)	$ 28,269

(10)

We use an adjusted EBITDA ("Bank EBITDA") to monitor compliance with various financial covenants under our Credit Agreement and in connection with measuring performance for management incentive compensation. In addition to adjusting net income (loss) to exclude interest expense, net, provision for (benefit from) income taxes, and depreciation and amortization, Bank EBITDA also adjusts net income by excluding non-cash unrealized mark-to-market foreign exchange

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gains (losses), specified litigation expenses up to a maximum of $2.0 million for any 12-month period, certain management fees, gains from sale of equipment, non-cash charges arising from awards to employees relating to equity interests, non-cash charges relating to financings, initial public offering-related non-capitalized expenses up to a maximum of $2.0 million, certain fourth quarter 2010 charges up to $11.6 million and other unusual, extraordinary, non-recurring non-cash costs. For each calculation of Bank EBITDA made as of the end of the quarters ended June 30, September 30, and December 31, 2011 and that will be made as of the quarter ending March 31, 2012, Bank EBITDA also includes an amount equal to the $10.0 million in new unsecured subordinated promissory notes dated June 30, 2011 and any additional subordinated debt issued in connection with an equity cure under the Credit Agreement. Such amounts have been excluded from this table for presentation purposes. Bank EBITDA also assists us in monitoring our ability to undertake key investing and financing functions such as making investments and incurring additional indebtedness, which may be prohibited by the covenants under our Credit Agreement unless we comply with certain financial ratios and tests. Bank EBITDA, as presented herein, is a supplemental measure of our performance that is not required by or presented in accordance with GAAP. Bank EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to revenue, net income (loss), cash flow, or any other performance measure derived in accordance with GAAP. Our presentation of Bank EBITDA may not be comparable to similarly titled measures of other companies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness Bank EBITDA."

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

(In thousands)	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Bank EBITDA Reconciliation:			
EBITDA	$ 28,742	$ (1,482)	$ 28,269
Non-cash unrealized mark-to-market foreign exchange gains (losses)	992	905	(1,819)
Interest related to tax contingencies	500	495	(2,745)
Management fees(1)	500	165	
Loss on early extinguishment of debt		2,265	
Litigation expense	1,430	2,000	1,390
Legal settlements and other		11,600	
Other (gains) losses	(668)	(4,089)(2)	(26)
Bank EBITDA	$ 31,496	$ 11,859	$ 25,069(3)

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

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

(3) As part of the amendments to the Credit Agreement on June 30, 2011, the $10.0 million in new unsecured subordinated promissory notes are included, with limitation, as an addition to Bank EBITDA. Such amounts have been excluded from this table for presentation purposes.

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RISK FACTORS

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

Risks Related to Our Business

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

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

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

Our insurance and indemnification arrangements may not cover all potential losses and are subject to deductibles, retentions, coverage limits, and coverage exceptions and, as a result, severe casualty losses or the expropriation or confiscation of significant assets could materially and adversely affect our financial condition or results of operations. The insured value of one of our aircraft is typically lower than its replacement cost, and our aircraft are not insured for loss of use. The occurrence of an event that is not fully covered by insurance could have a material adverse impact on our financial condition, results of operations, and cash flows. The loss of an aircraft, which we believe would take us at least 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 6.7 incidents per 1,000 flight hours and 0.07 accidents per 1,000 flight hours. An "incident" is an occurrence, other than an accident, which affects or could affect the safety of operations; an "accident" is an occurrence associated with the operation of an aircraft, which takes place between the time any person boards the aircraft with the intention of flight and all such persons have disembarked, and in which any person suffers death or serious injury, or in which the aircraft receives substantial damage. Since June 2003, we had seven accidents that resulted in the loss or hangar rebuild of aircraft, injuries to pilots and crew, and four fatalities, including an accident in June 2010 that resulted in the loss of an aircraft and the death of a pilot.

Our indebtedness and significant debt service obligations could adversely affect our financial condition and impair our ability to grow and operate our business and we might not comply with the financial covenants under our Credit Agreement in 2012.

We are a highly leveraged company and, as a result, have significant debt service obligations. As of December 31, 2011, our total indebtedness, excluding letters of credit, was $130.6 million, consisting of $51.8 million borrowed under our revolving credit facility, $55.3 million borrowed under our term loan facility and $23.5 million borrowed under unsecured subordinated promissory notes. At December 31, 2011, we had maximum availability for borrowings under our revolving credit facility of approximately $13.4 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;

- adversely affect our profitability and results of operations, particularly if our interest expense increases due to an increase in our outstanding indebtedness or an increase in our borrowing costs;

- adversely affect our financial condition and impair our ability to grow and operate our business;

- 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 Trends and Uncertainties Affecting Our Business Credit Agreement Compliance and Refinancing Costs."

We were not in compliance with certain financial covenants under our Credit Agreement as of December 31, 2010 and March 31, 2011, and subsequent amendments to our Credit Agreement waived such non-compliance. We cannot assure you that, if we fail to comply with the financial covenants under our Credit Agreement, our lenders will agree to waive any non-compliance. We amended the Credit Agreement effective December 31, 2010. An initial amendment removed the requirement to comply with

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existing financial covenants as of December 31, 2010, added a net income covenant calculation for fiscal 2010, and adjusted certain amounts related to the determination of Bank EBITDA and tangible net worth. In addition, the interest rate matrix was modified to add an additional pricing tier. Subsequent amendments waived our non-compliance with certain requirements and financial covenants under the Credit Agreement for both the fourth quarter of 2010 and the first quarter of 2011, and modified the financial covenants for future periods. These amendments modified the interest rate matrix and adjusted our financial reporting requirements. In connection with these amendments we issued new unsecured subordinated promissory notes in the amount of $10.0 million to ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P., which were funded on June 30, 2011. We were in compliance with our Credit Agreement covenants at June 30, 2011, September 30, 2011, and December 31, 2011 and we expect to be in compliance with these covenants at March 31, 2012. If our business does not perform as expected, including if a Greek contract is not awarded to us or we generate less than anticipated revenue from our Aerial Services operations or encounter significant unexpected costs, we may fail to comply with the financial covenants under our Credit Agreement in 2012. For a description of these financial covenants, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness Senior Credit Facilities." In addition, we have significant payment obligations due in 2013 as a result of the maturity of our senior credit facilities on June 24, 2013 and the possible exercise by one of our significant customers of a put option that would, if exercised, require us to repurchase on July 31, 2013 the Aircrane we sold to the customer. Our ability to finance such repurchase may depend on our ability to refinance our senior credit facilities. These significant payments, if required, could adversely affect our ability to refinance our debt or obtain additional financing to grow or operate our business.

Our indebtedness under our senior credit facilities 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."

If we are unable to repay or refinance our outstanding unsecured subordinated promissory notes at or prior to maturity, our business, financial condition, and results of operations may be adversely affected.

As of December 31, 2011, the principal amount outstanding under our unsecured subordinated promissory notes (including accreted and unpaid interest) was $23.5 million, of which $11.4 million mature on June 30, 2015 and $12.1 million mature on June 30, 2016. Prior to the completion of this offering, the interest rate under our unsecured subordinated promissory notes was set at 20.0% per year, payable quarterly in arrears and payable in kind by increasing the principal amount of the notes. Upon completion of this offering, we will amend the terms of these notes so that the interest rate will be 10.0% per year, payable quarterly in arrears and payable in kind by increasing the principal amount of each note. Under the notes, no periodic payment of principal or interest in cash is required and we have the right to prepay all or any portion of the notes at any time prior to maturity without any prepayment premium or penalty. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness Subordinated Notes."

At maturity, the notes due in 2015 will have a principal amount outstanding, including accrued and unpaid interest, of $16.5 million, and the notes due in 2016 will have a principal amount outstanding, including accrued and unpaid interest, of $19.4 million. At or prior to the maturity of the notes in 2015 and 2016, we will need to refinance the notes with additional indebtedness or repay them with cash from operations (which may include the sale of Aircranes) or the proceeds of future equity financings, none of

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which can be assured. 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.

In addition, under the terms of our Credit Agreement, we are prevented from paying down principal on the unsecured subordinated promissory notes unless such payments are made with the proceeds of an equity offering in which we receive minimum net cash proceeds of $60.0 million. Our senior credit facilities mature on June 24, 2013. Prior to maturity, we intend to refinance our senior credit facilities with new credit facilities. In connection with any new credit facilities, we may be unable to negotiate more favorable terms to permit the repayment of our unsecured subordinated promissory notes, which could adversely affect our business, financial condition, and results of operations.

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

Operating results in our Manufacturing / MRO segment are affected by many factors, including the timing of orders from large customers and the timing of expenditures to manufacture parts and purchase inventory in anticipation of future sales of products and services. The sale of Aircranes has a material effect on our financial results, and Aircrane sales have been a dominant factor in fluctuations in our year-over-year results. We have not sold an Aircrane since 2009, but have manufactured two Aircranes that are ready for sale, one of which is complete and one of which is substantially complete.

As we have expanded internationally and sought to make Aircrane sales in the difficult economic environment in the last few years, several potential customers have defaulted or not completed anticipated Aircrane sales. In September 2010, we entered into an Aircrane purchase agreement with a potential Brazilian purchaser which required staged payments beginning in September 2010 based on set conditions, but was subject to a purchaser financing condition. Although we substantially completed the Aircrane for delivery, no payments were made by the purchaser and the agreement terminated in December 2010. Subsequently, we have entered into non-binding letters of intent for several Aircrane sales that have not resulted in sales as the potential customers could not obtain financing or did not make required deposits. In December 2010, we entered into a non-binding memorandum of understanding with Wan Yu Industries Groups, Limited for the purchase of five Aircranes that was subject to a condition that the customer pay a non-refundable deposit by the end of January 2011. The deposit with respect to such potential Aircrane sales was not received and therefore the arrangement terminated. On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT, a subsidiary of a Brazilian oil and gas exploration company, which agreement was amended on October 11, 2011. HRT declined to exercise its option to purchase the Aircrane pursuant to such agreement and the lease expired on January 15, 2012. The failure of HRT to exercise its purchase option and the failure by us to otherwise sell an Aircrane increases the risk that we may fail to comply with the financial covenants under our Credit Agreement in 2012. Accordingly, we have incurred significant costs in building Aircranes for sale but have been unable to sell any in 2010 or 2011.

In February 2012, we entered into a non-binding letter of intent with THK, pursuant to which THK expressed its intent to purchase one Aircrane on or prior to June 30, 2012. The terms of a binding agreement remain subject to ongoing negotiations between us and THK, and we do not know when such negotiations will conclude. The letter of intent also provides that we will grant THK an option, expiring on December 31, 2013, to purchase three additional Aircranes. This option does not specify a purchase price or any other potential terms of purchase and will be subject to further negotiation of a binding agreement. There can be no assurance that THK will purchase an Aircrane. If THK elects to purchase an Aircrane, it may need to obtain financing, which it may not be able to obtain on terms acceptable to THK, if at all.

In the past, failures to make sales of an Aircrane have resulted in financial performance below our expectations, and we have obtained waivers from our lenders and have amended our Credit Agreement in order to comply with our financial and reporting covenants.

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Our failure to timely collect our receivables could adversely affect our cash flows and results of operations and our compliance with the financial covenants under our Credit Agreement.

We provide services to our customers for which we are customarily not paid in advance. We rely on the creditworthiness of our customers to collect on our receivables in a timely manner after we have billed for services previously provided. For the years ended December 31, 2009, 2010, and 2011, 7.8%, 9.0%, and 0% of our accounts receivable at the end of such periods, respectively, were attributable to our contract with the U.S. Forest Service, 6.6%, 10.5%, and 18.9% of our accounts receivable at the end of such periods, respectively, were attributable to our contract with the Italian Ministry of Civil Protection, 27.8%, 16.2%, and 21.6% of our accounts receivable at the end of such periods, respectively, were attributable to services provided to the Hellenic Fire Brigade, and 2.5%, 7.8%, and 6.7% of our accounts receivable at the end of such periods, respectively, were attributable to our contract with Samling Global. While we generally provide services pursuant to a written contract which determines the terms and conditions of payment to us by our customers, occasionally customers may dispute a bill and delay, contest, or not pay our receivable.

For example, we have historically received approximately $13 million of revenue each year from our contract with the Hellenic Fire Brigade. During 2011, we received an advance payment of approximately 50% of 2011 revenue pursuant to our contact with the Hellenic Fire Brigade. The balance of approximately $5.8 million in accounts receivable is currently past due. In February 2012, the Hellenic Fire Brigade informed our agents and representatives in Greece that, although funds for this receivable have been allocated for payment to us, under Greek law it cannot make the payment until a tax withholding issue is resolved. We are currently working with our agents and representatives in Greece, local tax advisors, and the Greek tax authorities to resolve this withholding tax issue. The timing of such payment is uncertain. Although we believe the receivable to be fully collectible, in the event that it is not and we write-off this receivable, we may fail to comply with the financial covenants under our Credit Agreement in 2012.

We make estimates in accounting for revenues and costs, and any changes in these estimates may significantly impact our earnings.

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

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

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

The helicopter services business is highly competitive.

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

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

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

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

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

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

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

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

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

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

We derive a significant amount of our revenue from a small number of major customers, including the U.S. Forest Service, the Hellenic Fire Brigade, the Italian Ministry of Civil Protection, and Samling Global. Approximately 58.5% of our 2011 revenues were attributable to these four customers. In particular, for the years ended December 31, 2009, 2010, and 2011, 16.6%, 24.4%, and 27.2% of our revenues, respectively, were attributable to our contract with the U.S. Forest Service, 13.6%, 13.8%, and 15.9% of our revenues, respectively, were attributable to our contract with the Italian Ministry of Civil Protection, 10.5%, 11.0%, and 8.4% of our revenues, respectively, were attributable to services provided to the Hellenic Fire Brigade, and 5.1%, 12.3%, and 7.0% of our revenues, respectively, were attributable to our contract with Samling Global.

Several of our largest customers are governmental agencies or entities that may be subject to budget or other financial constraints. The economies of Greece and Italy in particular have been adversely affected by global financial pressures. In light of the ongoing European sovereign debt crisis, there are heightened risks associated with our future revenue attributable to, and our accounts receivable from, the Hellenic Fire Brigade and the Italian Ministry of Civil Protection. We have an account receivable from the Hellenic Fire Brigade that is past due and our agents and representatives in Greece have informed us that the Hellenic Fire Brigade has cancelled or not exercised its extension options in respect of all of its firefighting contracts for 2012 with us and all other aerial service providers. Although we expect to provide a response by late April to NAMSA's request for proposal to compete for Greek firefighting services to be provided by three heavy-lift helicopters in 2012 through 2014, there is no guarantee that our bid will be successful or that we will be able to satisfy tender specifications. If a Greek contract is awarded to us, there is no guarantee that our revenues and profit margins thereunder will be similar to those that we have received in connection with past contracts with the Hellenic Fire Brigade. If a Greek contract is not awarded to us and we are unable to redeploy the three Aircranes we have historically used to provide services in Greece in order to generate comparable revenues and profit margins, we may fail to comply with the financial covenants under our Credit Agreement in 2012. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business Greek Economic Crisis." We may suffer delays in payment, payment defaults or termination of contracts of governmental agencies or entities as a result of such financial difficulties, which would adversely affect our results of operations and may adversely affect our ability to comply with the financial covenants under our Credit Agreement in 2012.

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 major customers for any reason, we may be unable to identify new opportunities sufficient to avoid a reduction in our revenues and operating earnings, which 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 the past, several of our larger contracts have not been renewed for reasons unrelated to our performance, such as the financial condition of our customers or their decision to move the services we provided to them in-house. For example, in 2007 we were not awarded any long-term contracts by the U.S. Forest Service. Accordingly, we cannot assure you that in any given year we will be able to generate similar revenues from our customers as we did in the previous year. Our current contract with the U.S. Forest Service ends at the end of 2012 and, though the contract provides a customer option for three one-year extensions, there is no guarantee that these options will be exercised.

Some of our backlog may be deferred or may not be 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 exercises of customer extension options. Our backlog includes contracts with a duration of six months or more. As of February 29, 2012, we had approximately $212.8 million of backlog, of which $128.0 million was from signed contracts and $84.8 million was from anticipated exercises of customer extension options (including $54.3 million from multi-year annual customer extension options). We expect that approximately $123.8 million of the backlog will not be filled in 2012. As of February 28, 2011, we had $298.9 million of backlog, of which $176.4 million was from signed contracts and $122.5 million was from anticipated exercises of customer extension options (including $22.6 million from multi-year annual customer extension options). No sales of Aircranes were associated with our backlog as of February 29, 2012 or February 28, 2011. We include anticipated exercises of customer extension options in our backlog when our prior operating history, including past exercises of extension options by such customers and the other circumstances specific to the particular contract, causes us to conclude that the exercise of such extension option is likely. On January 31, 2012, the Hellenic Fire Brigade notified us that it will not exercise its option to extend our existing contract for the 2012 fire season, which contract relates to the use of three Aircranes during the summer of 2012. As a result of these developments, we are not currently providing services to the Hellenic Fire Brigade and our backlog has been reduced by approximately $25.4 million relating to services we had expected to provide to the Hellenic Fire Brigade in 2012 and 2013. We did not receive any advance payments under this contract for 2012.

For contracts that include a guaranteed number of hours, the value of the guaranteed hours is included in backlog. For CPH contracts, which depend on hours flown by our customers, we calculate the contribution to backlog based on contracted minimum hours. When a binding aircraft sale contract has been signed with a customer, the purchase price of the aircraft not included in current revenues is included in backlog. When we sign a contract giving a potential purchaser an option to purchase an aircraft which only becomes binding on a non-refundable payment of a material option fee, we do not include the purchase price of the aircraft in backlog until the non-refundable payment has been made and the contract is a binding purchase contract. A customer may default on a purchase contract that has become binding, and we may not be able to convert sales contract backlog into revenue. We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the cubic meters of high grade timber we expect to deliver under the contract based on our experience. As a result, our estimates of backlog for some of our timber harvesting contracts could be affected by variables beyond our control and may not be entirely realized, if at all. As of February 29, 2012, $4.0 million of our backlog was attributable to timber harvesting contracts based on an estimate of cubic meters of timber to be delivered.

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

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 six months, *ad hoc* arrangements, and "call when needed" contracts. In 2010 and 2011, for example, approximately 24% and 17% of our revenues, respectively, 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

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

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

We currently have 17 Aircranes that we employ in providing Aerial Services. An accident could make an Aircrane unavailable to us temporarily or permanently. A sale of an Aircrane that is part of our fleet would also reduce the number of Aircranes available to provide Aerial Services. We have manufactured two Aircranes that are ready for sale, one of which is complete and one of which is substantially complete. These two Aircranes are held in inventory and are not part of our fleet of 17 Aircranes that we operate for our customers. Although we have entered into several non-binding agreements and a binding Aircraft Lease and Purchase Option Agreement with HRT, HRT did not exercise its purchase option thereunder and allowed its lease to expire, and we have not sold an Aircrane since 2009. The Aircrane that was subject to the Aircraft Lease and Purchase Option Agreement with HRT was one of the 17 Aircranes in our Aerial Services fleet. Potential customers may prefer, due to cost or other reasons, to purchase a used Aircrane, and we could accommodate such preference by selling one of the Aircranes in our fleet. The purchase price of a used Aircrane is generally lower than the purchase price of a new or remanufactured Aircrane. Although we would expect to be able to maintain the level of our operations through more efficient scheduling of our fleet or by allocating Aircranes held for sale to Aerial Services operations if we sell an Aircrane from our fleet, we may not always have the ability to maintain our desired level of Aerial Services operations with a reduced fleet and our results of operations could be adversely affected.

We may be unable to effectively implement production rate changes, particularly in light of our November 2011 restructuring, which may adversely affect our business.

The market for Aircranes is variable and we have historically manufactured a limited number of Aircranes in any year. Production rate reductions could cause us to incur disruption and other costs, which could reduce our profitability. Higher orders for Aircranes could lead to production rate increases in order to meet customers' delivery schedules, and our production rates are impacted by our staffing levels, which were recently reduced. In November 2011, we completed a company restructuring which included a reduction-in-force of 119 employees that affected both our Aerial Services and Manufacturing / MRO segments. The restructuring was needed to realign our operating expenses to ensure that we remain competitive in the markets we serve. However, as a result of the reduction-in-force, we may experience longer aircraft delivery lead times for future customers who wish to purchase Aircranes, which may delay the timing of our aircraft sales revenues in the future. In the event that we experience significantly increased customer demand to purchase our Aircranes, we anticipate being able to meet such demand by rapidly expanding our manufacturing capacity and related resources. However, such expansion may require us to incur significant costs. Failure to effectively implement any production rate changes could lead to extended delivery commitments, and depending on the length of any delay in meeting delivery commitments, additional costs and customers rescheduling their deliveries or terminating their related contract with us.

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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 U.S. Forest Service programs by the U.S. Government have increased in recent years, future levels of expenditures, mission priorities, and authorizations for these programs may decrease, remain constant, or shift to program areas in which we do not currently provide services. Current foreign and domestic government spending levels on programs that we support may not be sustainable as a result of changes in government leadership, policies, or priorities. In addition, the economies of Greece and Italy in particular have been adversely affected by global financial pressures. In light of the ongoing European sovereign debt crisis, there are heightened risks associated with our future revenue attributable to and our accounts receivable from the Hellenic Fire Brigade and the Italian Ministry of Civil Protection. We have an account receivable from the Hellenic Fire Brigade that is past due and our agents and representatives in Greece have informed us that the Hellenic Fire Brigade has cancelled or not exercised its extension options in respect of all of its firefighting contracts for 2012 with us and all other aerial service providers. Although we expect to provide a response by late April to NAMSA's request for proposal to compete for Greek firefighting services to be provided by three heavy-lift helicopters in 2012 through 2014, there is no guarantee that our bid will be successful. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business Greek Economic Crisis." Additionally, our business, prospects, financial condition, or operating results could be materially harmed by the following:

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

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

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

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

Additionally, aircraft and parts we manufacture for sale are subject to strict contractually established specifications using complex manufacturing processes. If we fail to meet the contractual requirements for a

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part, we may be subject to warranty costs to repair or replace the part itself and additional costs related to the investigation and inspection of non-complying parts. These costs are generally not insured. For example, in June 2011 we encountered an issue associated with an accessory failure on a customer's Aircrane that resulted in warranty cost to us of approximately $0.9 million in excess of amounts previously accrued.

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

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

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

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

The loss of key managers could negatively affect our business.

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

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

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

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

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

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

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

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

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

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

Governmental contracts typically require a competitive bid process, and the award of a contract may be subject to challenge by bid participants. For example, a competitor challenged the U.S. Forest Service contract we were awarded in 2008. As a result, we provided services to the U.S. Forest Service without a

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contract for a period of time, pending resolution of the challenge. See "Business Legal Proceedings" for additional information.

Claims against us by governmental agencies or other parties related to environmental matters could adversely affect us.

In the late 1990s, environmental damage that resulted from hazardous substances at our Central Point, Oregon facility was identified. It was determined that the contamination migrated beyond the property boundary at our facility and impacted off-site water supply wells. A remediation was completed in the late 1990s. Based on the testing of the site in recent years, the contamination levels have been decreasing, though the remediation cannot be guaranteed. We are continuing to participate in monitoring and testing the remediation of the site and we incur ongoing costs for this monitoring and testing. We did not incur any remediation expense in 2010 or 2011.

Our obligations in respect of such contamination are subject to an indemnification agreement with a former owner of the Company. Under this agreement, our potential total liability in respect of remediation costs is capped at $0.5 million, of which we have already paid $0.4 million, with a total remaining liability of $0.1 million. Although the agreement caps our total potential liability, the creditworthiness of the indemnitor is uncertain. If the indemnitor fails to honor the terms of the indemnification agreement, it is possible that we would have to bear the entire cost of the remediation, monitoring and testing. Although our costs during the past two years have not been significant and we do not expect material costs in the future, if the indemnifying party does not meet its obligations we could have additional expenses and the exact amounts are unknown. If a previously unidentified or new source of contamination or pollution is detected, however, the costs could increase substantially. In addition, it is possible that government agencies or other parties could bring a claim against us resulting from the contamination and that defending and resolving such claims could adversely affect our financial condition and results of operations.

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

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

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

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

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

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

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

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

We rely on approximately 120 supplier business units or locations for significant or critical components. A small number of manufacturers make some of the key components for our aircraft, and in some instances there is only a single manufacturer, although other manufacturers could be used if necessary for all of our components. 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 Aircrane could harm our business and financial results if technical difficulties specific to the Aircrane occur.

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

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

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

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

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

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

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

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

Further, we are a party to licenses that grant us rights to intellectual property, including trade secrets, that is necessary or useful to our business. One or more of our licensors may allege that we have breached our license agreement with them, and accordingly seek to terminate our license. If successful, this could result in our loss of the right to use the licensed intellectual property, which could adversely affect our ability to commercialize our technologies, products, or services, as well as harm our competitive business position and our business prospects.

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

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

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

We purchase products from and supply products to businesses located outside of the United States. We also have significant operations outside the United States. For the years ended December 31, 2010 and 2011, approximately 62.5% and 55.8%, respectively, of our total revenues were attributable to operations

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in non-U.S. countries. A number of risks inherent in international operations could have a material adverse effect on our international operations and, consequently, on our results of operations, including:

- the uncertain ability of select non-U.S. customers to finance purchases and our inability as a result of lesser transparency in certain jurisdictions to evaluate the credit of potential customers accurately;

- currency fluctuations, which can reduce our revenues for transactions denominated in non-U.S. currency or make our services relatively more expensive if denominated in U.S. currency;

- difficulties in staffing and managing multi-national operations;

- political and financial instability in several of the countries in which we operate, including Greece and Italy;

- significant receivables from international customers, including customers in Greece and Italy;

- risks associated with transporting our aircraft, including risks associated with piracy and adverse weather;

- fluctuations in the costs associated with transporting our aircraft, pilots, and crews, which are significant operating costs for us;

- limitations on our ability to enforce legal rights and remedies;

- uncertainties regarding required approvals or legal structures necessary to operate aircraft or provide our products and services in a given jurisdiction;

- restrictions on the repatriation of funds from our foreign operations;

- changes in regulatory structures or trade policies;

- tariff and tax regulations;

- ensuring compliance with the Foreign Corrupt Practices Act;

- difficulties in obtaining export and import licenses; and

- the risk of government-financed competition.

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

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

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

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

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

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

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

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

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

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

- a minimum fixed charge coverage ratio;
- a maximum leverage ratio; and
- beginning with the quarter ending June 30, 2012 and thereafter, a minimum tangible net worth amount.

If our business does not perform as expected, including if we generate less than anticipated revenue from our Aerial Services operations or encounter significant unexpected costs, we may fail to comply with the financial covenants under our Credit Agreement in 2012. If we do not comply with our financial covenants and we do not obtain a waiver or amendment, our lenders may accelerate payment of all amounts outstanding which would immediately become due and payable, together with accrued interest. Any default may require us to seek additional capital or modifications to our credit facilities, which may not be available or which may be costly. Additionally, our suppliers may require us to pay cash in advance or obtain letters of credit as a condition to selling us their products and services. Any of these risks and

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uncertainties could have a material adverse effect on our financial position, results of operations or cash flow.

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

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

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

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

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

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

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

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

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

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

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

Risks Related to this Offering

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

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

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

- quarterly or annual variations in our operating results;
- changes in financial estimates by securities analysts;
- additions or departures of our key personnel;

- the adoption of new laws or regulations that apply to our business; and
- sales of shares of our common stock in the public markets.

Fluctuations or decreases in the trading price of our common stock may adversely affect your ability to trade your shares. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could

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result in substantial costs and divert management's attention and resources that would otherwise be used to benefit the future performance of our operations. Such litigation expense may not be covered by insurance.

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

Our officers, our directors, and all of our stockholders have agreed with the representative of the underwriters not to sell or otherwise dispose of any of their shares for a period of 180 days after the date of this offering. When these lock-up agreements expire, the 4,802,970 outstanding shares currently held by our stockholders, the 1,050,000 aggregate amount of shares that the Purchasing Stockholders have agreed to purchase in connection with the offering, the 252,935 RSUs we intend to issue to certain members of our management, and the 4,864 RSUs we intend to issue to our independent directors concurrently with the closing of the offering, will become eligible for sale, in some cases subject only to the volume, manner of sale, and notice requirements of Rule 144 of the Securities Act of 1933, as amended (the "Securities Act"). Some of our stockholders have the right to require that we register their shares for public sale. See "Shares Eligible for Future Sale Registration Rights." Sales of a substantial number of these shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of our common stock to decline. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional equity securities. See "Shares Eligible for Future Sale" for further discussion of the shares that will be freely tradable within 180 days after the date of this offering.

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

After this offering, entities affiliated with ZM Equity Partners, LLC will own approximately 61% of our outstanding common stock, and two of our directors will continue to be managing directors of Centre Lane Partners LLC, an affiliate of ZM Equity Partners. As a result, these stockholders, acting individually or together, could exert significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. These stockholders may take action by written consent without a meeting of stockholders until the Trigger Date. 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.

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

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

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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;

- from and after the Trigger Date, 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 our board of directors or our 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;

- 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;

- the requirement of a $66^2/_3$% stockholder vote for the alteration, amendment, or repeal of certain provisions of our second amended and restated certificate of incorporation; and

- stockholders may remove directors only for cause.

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, our board of directors has approved the transaction.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

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

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

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

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

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

Information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations, our market position, and market size estimates and forecasts, is based on market research, industry publications, publicly available information, assumptions that we have made that are based on such data and other similar sources, and on our knowledge of the markets in which we operate. We believe that such industry and market information is generally reliable. Although we have not independently verified any third-party information included in the industry and market information, we make our business decisions on the basis of this and other third-party information and we believe the presented information is accurate. Third-party publications generally state that they have obtained information from sources believed to be reliable but do not guarantee its accuracy and completeness. We are not funded by or otherwise affiliated with, and we did not fund, any of the sources we cite. In addition, industry and market estimates and projections are based on a number of assumptions and subject to risks and uncertainties, including those described in "Risk Factors" and elsewhere in this prospectus. If any one or more of the underlying assumptions turn out to be incorrect, actual results may differ materially from the estimates and projections. For example, the estimated future demand for sawlogs in the United States and Canada may not grow at the rate projected by market data, or at all. You are cautioned not to give undue weight to such estimates and projections.

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USE OF PROCEEDS

We will receive net proceeds from the sale of shares of common stock in this offering of approximately $31.9 million, based on the initial public offering price of $8.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds of this offering to pay down indebtedness under our revolving credit facility, which will increase the amounts available for future borrowing under this facility and will, in our view, increase the likelihood of our compliance with the financial covenants under our Credit Agreement on an ongoing basis and improve our ability to refinance our senior credit facilities.

As of December 31, 2011, our total indebtedness, excluding letters of credit, was $130.6 million, consisting of $51.8 million borrowed under our revolving credit facility, $55.3 million borrowed under our term loan facility and $23.5 million borrowed under our unsecured subordinated promissory notes. At December 31, 2011, we had maximum availability for borrowings under our revolving credit facility of approximately $13.4 million.

At December 31, 2011, the interest rate on borrowings under our revolving credit facility, which terminates on June 24, 2013, was 3.61%, which was calculated based on the prime rate as quoted by Wells Fargo. As of December 31, 2011, there was $51.8 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. For a description of the terms of our revolving credit facility see "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

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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 December 31, 2011:

- on an actual basis;
- on a pro forma basis after giving effect to the completion of our recapitalization, as discussed under "Explanatory Note Regarding Recapitalization"; and
- on a pro forma as adjusted basis after giving effect to the sale of 4,800,000 shares of our common stock offered by us in this offering (at the initial public offering price of $8.00 per share) 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 December 31, 2011		
(In thousands)	**Actual**	**Pro Forma(1)**	**Pro Forma As Adjusted**
Cash and cash equivalents	$ 268	$ 268	$ 268
Debt:			
Revolving credit facility	51,783	51,783	19,883
Term debt	55,250	55,250	55,250
Unsecured subordinated promissory notes	23,537	23,537	23,537
Series A Redeemable Preferred Stock, $0.0001 par value: 70,000 shares authorized, 34,999.5 shares issued and outstanding	66,161		
Stockholders' equity:			
Common stock, $0.0001 par value			
Class A: 2,000 shares authorized, 1,000 shares issued and outstanding	1		
Class B: 3,000 shares authorized, no shares issued and outstanding			
Preferred stock, $0.0001 par value: 10,000,000 shares authorized, no shares issued and outstanding			
Common stock, $0.0001 par value: 110,000,000 shares authorized, 4,802,970 shares issued and outstanding, pro forma; 9,602,970 shares issued and outstanding, pro forma as adjusted		1	1
Additional paid-in capital		66,161	98,061
Accumulated earnings (deficit)	(9,988)	(9,988)	(9,988)
Accumulated other comprehensive income	(36)	(36)	(36)
Noncontrolling interest	878	878	878
Total stockholders' equity (deficit)	(9,145)	57,016	88,916
Total capitalization	$ 187,854	$ 187,854	$ 187,854

(1) See "Explanatory Note Regarding Recapitalization."

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DILUTION

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

The discussion and tables below are based on 1,000 shares of our Class A common stock outstanding as of December 31, 2011 and also reflect the issuance of shares of common stock in the recapitalization. On this basis, our net tangible book value at December 31, 2011 was $57.0 million, or $11.87 pro forma per share, based upon 4,802,970 shares outstanding.

After giving effect to the sale of 4,800,000 shares of common stock in this offering at a price of $8.00 per share, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of December 31, 2011 would have been approximately $88.9 million, or $9.26 per share. This represents an immediate decrease in net tangible book value of $2.61 per share to existing stockholders, and an immediate accretion in net tangible book value of $1.26 per share to new investors, or approximately 16% of the offering price of $8.00 per share. The following table illustrates this accretion on a per share basis:

Initial public offering price per share		$ 8.00
Net tangible book value per share as of December 31, 2011		$ 11.87
Decrease in net tangible book value per share attributable to new investors	$ 2.61	
Pro forma net tangible book value per share of common stock after this offering		$ 9.26
Accretion per share to new investors		$ 1.26

The following table shows on a pro forma basis at December 31, 2011, after giving effect to the total cash consideration paid to us, the average price per share paid by existing stockholders and by new investors in this offering before deducting underwriting discounts and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	%	Amount	%	
Existing stockholders	5,852,970	60.9	$ 101,503,000	77.2	$ 17.34
New investors	3,750,000	39.1	$ 30,000,000	22.8	$ 8.00
Total	9,602,970	100.0%	$ 131,503,000	100.0%	$ 13.69

The above table excludes 417,649 shares of common stock reserved for issuance under our 2012 Long-Term Incentive Plan, which we intend to adopt prior to the closing of this offering, which includes the following RSUs that we intend to issue concurrently with the closing of this offering: (1) 252,935 RSUs to certain members of our management and (2) 4,864 RSUs to our independent directors. Each RSU entitles the holder to receive one share of our common stock. See "Executive Compensation Elements of Compensation Long-Term Equity Incentives."

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our selected consolidated financial and other data. We derived our selected consolidated financial and other data as of December 31, 2010 and 2011 and for the years ended December 31, 2009, 2010 and 2011 from our audited consolidated financial statements and notes thereto, which are included elsewhere in this prospectus. The balance sheet data as of December 31, 2007, 2008, and 2009 has been derived from our audited consolidated financial statements which are not included in this prospectus.

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

We derived our selected consolidated financial and other data of the predecessor for the period from January 1, 2007 through September 26, 2007, and for us as of December 31, 2007, 2008, and 2009 and for the period from September 27, 2007 through December 31, 2007 and the year ended December 31, 2008 from audited consolidated financial statements and notes thereto, which are not included in this prospectus.

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

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	Predecessor[1]		Successor			
(In thousands, except share and per share amounts)	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	Year Ended December 31, 2010	Year Ended December 31, 2011
Consolidated Statement of Operations Data:						
Net revenues:						
Aerial services	$ 126,355	$ 25,524	$ 136,548	$ 113,603	$ 105,747	$ 138,637
Manufacturing / MRO[2]	35,872	17,823	5,376	36,019	12,493	14,132
Total net revenues	$ 162,227	$ 43,347	$ 141,924	$ 149,622	118,240	152,769
Cost of revenues:						
Aerial services	80,715	19,722	96,750	76,855	81,353	93,566
Manufacturing / MRO	24,360	13,065	5,019	21,272	7,651	13,730
Total cost of revenues	105,075	32,787	101,769	98,127	89,004	107,296
Gross profit	57,152	10,560	40,155	51,495	29,236	45,473
Operating expenses:						
General and administrative	12,711	4,211	14,010	14,877	14,105	13,023
Research and development	10,290	3,328	7,024	6,889	6,400	4,827
Selling and marketing	1,140	354	1,984	5,115	6,987	9,940
Restructuring charges						1,084
Total operating expenses	24,141	7,893	23,018	26,881	27,492	28,874
Operating income (loss)	33,011	2,667	17,137	24,614	1,744	16,599
Other income (expense):						
Interest income	205	95	305	157	14	7
Interest expense	(3,395)	(2,307)	(7,070)	(6,163)	(4,879)	(9,157)
Loss on early extinguishment of debt					(2,265)	
Other income (expense)[3]	(1,207)	(12,906)	5,962	(987)	(6,193)	3,885
Total other income (expense)	(4,397)	(15,118)	(803)	(6,993)	(13,323)	(5,265)
Net income (loss) before income taxes and noncontrolling interest	28,614	(12,451)	16,334	17,621	(11,579)	11,334
Income tax expense (benefit)[4]	10,000	(4,500)	6,000	5,330	(3,544)	(4,926)
Net income (loss)	18,614	(7,951)	10,334	12,291	(8,035)	16,260
Less: Net (income) loss related to noncontrolling interest	(473)	232	(230)	(239)	(216)	(390)
Net income (loss) attributable to Erickson Air-Crane Incorporated	18,141	(7,719)	10,104	12,052	(8,251)	15,870
Dividends on Series A Redeemable Preferred Stock[5]		1,403	5,877	6,806	7,925	9,151
Net income (loss) attributable to common stockholders	$ 18,141	$ (9,122)	$ 4,227	$ 5,246	$ (16,176)	$ 6,719
Net income (loss)	18,614	(7,951)	10,334	12,291	(8,035)	16,260
Other comprehensive income (loss):						
Foreign currency translation adjustment	614	98	(540)	571	45	(402)
Comprehensive income (loss)	$ 19,228	$ (7,853)	$ 9,794	$ 12,862	$ (7,990)	$ 15,858
Earnings (loss) per share attributable to common stockholders						
Basic	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ (16,176.47)	$ 6,718.57
Diluted	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ (16,176.47)	$ 6,718.57

Weighted average shares outstanding						
Basic	2,000	1,000	1,000	1,000	1,000	1,000
Diluted	2,000	1,000	1,000	1,000	1,000	1,000
Pro forma earnings (loss) per share (unaudited):(6)						
Basic	$ 3.78	$ (1.61)	$ 2.10	$ 2.51	$ (1.72)	$ 3.30
Diluted	$ 3.58	$ (1.61)	$ 2.00	$ 2.38	$ (1.72)	$ 3.14
Pro forma weighted average shares outstanding (unaudited):(6)						
Basic	4,802,970	4,802,970	4,802,970	4,802,970	4,802,970	4,802,970
Diluted	5,060,769	4,802,970	5,060,769	5,060,769	4,802,970	5,060,769

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(In thousands)	As of December 31, 2007	As of December 31, 2008	As of December 31, 2009	As of December 31, 2010	As of December 31, 2011
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 9,675	$ 2,303	$ 3,536	$ 1,928	$ 268
Aircranes, property, plant and equipment, net	46,804	46,998	44,829	52,515	56,629
Working capital(7)	5,359	4,773	6,702	5,538	32,955
Total assets	162,740	168,369	178,967	203,703	233,911
Total debt(8)	84,097	86,208	80,546	93,894	130,570
Series A Redeemable Preferred Stock(9)	36,402	42,279	49,085	57,010	66,161
Stockholders' equity:					
Common stock	1	1	1	1	1
Total stockholders' equity (deficit)	(8,008)	(4,454)	485	(15,598)	(9,145)

	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	Year Ended December 31, 2010	Year Ended December 31, 2011
Consolidated Statement of Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	$ (3,966)	$ 24,818	$ (8,717)	$ 9,900	$ (8,430)	$ (20,723)
Investing activities	667	(91,970)	546	(2,667)	(5,017)	(13,083)
Financing activities	1,152	69,737	2,111	(5,662)	11,057	32,759

(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 "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business."

(2) Net revenues from Manufacturing / MRO reflect the sale of three Aircranes in 2007, zero Aircranes in 2008, one Aircrane in 2009, zero Aircranes in 2010, and zero Aircranes in 2011.

(3) Other income (expense) for the period ended December 31, 2007 includes $12.5 million in litigation settlement expenses; for the year ended December 31, 2008 includes a $4.3 million gain related to an insurance settlement with respect to an Aircrane accident; for the year ended December 31, 2010 includes $10.0 million in litigation settlement expenses and a net gain related to an aircraft accident in Malaysia of $6.3 million, after accounting for insurance proceeds; and for the year ended December 31, 2011 includes $2.7 million of recognized income associated with the reversal of interest expense from a tax settlement.

(4) Income tax expense (benefit) for the year ended December 31, 2011 includes a tax benefit of $9.5 million in connection with a tax settlement.

(5) 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 reclassified into 4,802,970 shares of a single class of common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization."

(6) Pro forma amounts give effect to our recapitalization in connection with this offering, including the reclassification of Series A Redeemable Preferred Stock and Class A Common Stock as common stock. The pro forma weighted diluted share amounts also include 257,799 shares of common stock related to RSUs that we intend to issue concurrently with the closing of this offering under our 2012 Long-Term Incentive Plan (except for the period September 27, 2007 through December 31, 2007 and the year ended December 31, 2010 because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2012 Long-Term Incentive Plan."

(7)

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

(8)

Debt is comprised of amounts drawn under our revolving credit facility, our term loan, and our unsecured subordinated promissory notes. In June 2010, we replaced our former revolving credit facility and our former 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."

(9)

Represents Series A Redeemable Preferred Stock which will be reclassified as common stock in connection with this offering. See "Explanatory Note Regarding Recapitalization" and note 5 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 and Industry Data" in this prospectus, our actual results and the timing of events may differ materially from those anticipated in these forward-looking statements.

Overview of the Business

We specialize in the operation and manufacture of the Aircrane, a versatile and powerful heavy-lift helicopter. The Aircrane has a lift capacity of up to 25,000 pounds. and is the only commercial aircraft built specifically as a flying crane without a fuselage for internal load. The Aircrane is also the only commercial heavy-lift helicopter with a rear load-facing cockpit, combining an unobstructed view and complete aircraft control for precision lift and load placement capabilities. We own and operate a fleet of 17 Aircranes which we use to support a wide variety of government and commercial customers worldwide across a broad range of critical aerial services including firefighting, timber harvesting, infrastructure construction, and crewing. We refer to this segment of our business as Aerial Services. We also manufacture Aircranes and related components for sale to government and commercial customers and provide aftermarket support and maintenance, repair and overhaul services for the Aircrane and other aircraft. We refer to this segment of our business as Manufacturing / MRO. In 2010, our Aerial Services and Manufacturing / MRO segments generated revenues of $105.7 million and $12.5 million, respectively, and in 2011, our Aerial Services and Manufacturing / MRO segments generated revenues of $138.6 million and $14.1 million, respectively. In 2010, we had a net loss attributable to Erickson Air-Crane of $8.3 million, and in 2011, we had net income attributable to Erickson Air-Crane of $15.9 million.

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

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

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

Sales and Marketing

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

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

Operations and Safety

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

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

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

Financial and Overall Performance

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

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

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

Our Operating Revenue

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

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

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

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

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

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

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

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

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

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

Our Operating Expenses

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

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

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

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

Trends and Uncertainties Affecting Our Business

Effect of 2007 Acquisition. Our Company was acquired on September 27, 2007, in which the buyers acquired 100% of our outstanding common stock for $93.1 million, which amount included direct acquisition costs of $3.4 million. The acquisition was accounted for as a purchase in accordance with the Financial Accounting Standard Board's Accounting Standards Codification No. 805, Business Combinations. As a result, we allocated the purchase price to the assets acquired and the liabilities assumed at the date of the acquisition based on their estimated fair value as of the closing date. The difference between the aggregate purchase price and the estimated fair value of the assets acquired and liabilities assumed was approximately $553.7 million. Our management determined that the fair value of the various assets acquired and liabilities assumed was $646.8 million on the date of acquisition and that, based in part on a valuation provided by an independent third party as required by GAAP in connection with such determination, the fair value of the 18 Aircranes in our fleet on the date of acquisition was $317.7 million. The negative goodwill was used to reduce the value of Aircranes and support parts and other property, plant and equipment. As a result of this adjustment, the cost of revenues in each of the successor periods included in this prospectus reflects the lower carrying value of our aircraft support parts that we have sold or used in our maintenance, repair, and overhaul operations. The aggregate effect of the purchase accounting adjustment with respect to our inventory was approximately $28.5 million from the date of acquisition through December 31, 2011. Based on our past experience and historical inventory usage patterns, we expect to largely realize the benefit of the approximately $20.0 million remaining fair value purchase accounting adjustment to aircraft support parts over the next five years as we sell and use our legacy inventory. Our legacy inventory consists of aircraft parts and components purchased over multiple years for which there is no liquid market; therefore, there is no guarantee that we will be able to purchase new inventory at the carrying values of our legacy inventory currently reflected on our balance sheet.

Aircrane Sales. A sale of an Aircrane has a material effect on our financial results, and Aircrane sales have been a dominant factor in fluctuations in our year-over-year results. Although we have focused our sales and marketing efforts on increasing Aircrane sales, sales are not guaranteed in a particular financial period or at all. In the six years comprising 2006 to 2011, we sold three, three, zero, one, zero, and zero Aircrane(s), respectively. Since 2002, we have sold and delivered nine Aircranes. One of our significant customers holds the right to exercise a put option that would, if exercised, require us to repurchase on July 31, 2013 the Aircrane we sold to the customer in 2009. The exercise price would be the fair market value of the Aircrane, determined by independent appraisers at the time of exercise. The fair market value of the Aircrane at July 31, 2013 will be highly dependent upon the hours of usage and the customer use profile for the Aircrane, which makes it difficult to estimate a fair value at this time. However, management believes an anticipated range of fair value, based upon our experience and industry knowledge, should be approximately between $10.0 million and $18.0 million. Because our existing credit facility terminates on June 24, 2013, our ability to finance this purchase may depend on our ability to obtain new financing in the ordinary course of our business. If the put option is exercised, the customer must provide six months' advance notice, and we would anticipate funding the purchase through our credit facilities, if available, or by improving our cash flow position by adjusting inventory levels and build plans.

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None of our other aircraft sale agreements have included a put option. We agreed to provide a put option in our 2009 sale agreement based on that customer's unique circumstances. Inclusion of the put option was important to the customer when the sale agreement was negotiated.

We currently have 17 Aircranes that we employ in providing Aerial Services. We have manufactured two Aircranes that are ready for sale, one of which is complete and one of which is substantially complete. These two Aircranes are held in inventory and are not part of our fleet of 17 Aircranes that we operate for our customers. Manufacturing the Aircranes held in inventory significantly impacts our cash flow from operations. We expect to have a significant decrease in the amount of cash used for inventory in 2012 as compared to the amounts used in 2010 and 2011. Although we have entered into several non-binding agreements and a binding Aircraft Lease and Purchase Option Agreement with HRT, HRT did not exercise its purchase option thereunder and allowed its lease to expire, and we have not sold an Aircrane since 2009. The Aircrane that was subject to the Aircraft Lease and Purchase Option Agreement with HRT was one of the 17 Aircranes in our Aerial Services fleet. In addition, the failure of HRT to exercise its purchase option and the failure by us to otherwise sell an Aircrane increases the risk that we may fail to comply with the financial covenants under our Credit Agreement in 2012. We entered into a non-binding letter of intent with THK, pursuant to which THK expressed its intent to purchase one Aircrane on or prior to June 30, 2012. The terms of a binding agreement remain subject to ongoing negotiations between us and THK, and we do not know when such negotiation will conclude. There can be no assurance that THK will purchase an Aircrane. See "Prospectus Summary Recent Developments." To effect a sale, we could sell one of our 17 Aircranes used for Aerial Services. Although we would expect to be able to maintain the level of our operations through more efficient scheduling of our fleet or by allocating Aircranes held for sale to Aerial Services operations if we consummate such a sale, we may not always have the ability to maintain our desired level of Aerial Services operations with a reduced fleet, which could reduce our ability to generate Aerial Services revenues.

Historically, we have recognized revenues on Aircrane sales when the Aircrane was delivered to a customer, because management did not believe it was able to accurately estimate the percentage of completion of an Aircrane during manufacturing. In light of revisions to our cost tracking and estimating processes, we expect to recognize revenue for our long-term construction contracts in the future using the percentage of completion method, when all required criteria are met. With respect to the one completed Aircrane and the one substantially completed Aircrane included in Aircrane and support parts in process at December 31, 2011, we have not recognized any revenue on either Aircrane since neither Aircrane is under a purchase agreement and therefore the criteria for using the percentage of completion method of accounting have not been met. Revenue on contracts using the percentage of completion method is based on estimates, including estimated labor hours. See " Critical Accounting Policies and Estimates Revenue Recognition Manufacturing / MRO." Because the percentage of completion method requires management estimates of aggregate contract costs, changes in estimates between periods could affect our anticipated earnings. See "Risk Factors Risks Related to Our Business We make estimates in accounting for revenues and costs, and any changes in these estimates may significantly impact our earnings."

Credit Agreement Compliance and Refinancing Costs. We are subject to financial covenants under our Credit Agreement, including a leverage ratio test based on maximum Funded Indebtedness (excluding subordinated debt) to Bank EBITDA, a minimum fixed charge coverage ratio, and beginning with the quarter ending June 30, 2012 and thereafter, a minimum tangible net worth amount. See " Description of Indebtedness Senior Credit Facilities." We were not in compliance with certain financial covenants under our Credit Agreement as of December 31, 2010 and March 31, 2011, and subsequent amendments to our Credit Agreement waived such non-compliance. We were in compliance with our financial covenants at June 30, 2011, September 30, 2011, and December 31, 2011, and we expect to be in compliance with such financial covenants at March 31, 2012. Our ability to comply with the financial covenants under our Credit

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Agreement in 2012 and 2013 is subject to various risks and uncertainties, and among other factors may be adversely affected by any of the following:

- if our business does not perform as expected, including if we generate less than anticipated revenue from our Aerial Services operations or encounter significant unexpected costs;
- if we do not sell an Aircrane;
- if we are not successful in winning a contract award through the NAMSA tender process for an aerial services contract with the Hellenic Fire Brigade relating to the 2012 to 2014 firefighting seasons and we are unable to redeploy the three Aircranes we have historically used to provide services in Greece in order to generate comparable revenues and operating earnings; or
- if we fail to timely collect our receivables, including our receivable from the Hellenic Fire Brigade.

For a discussion of these and other risks, see "Risk Factors" generally, including "Risk Factors Risks Related to Our Business Our indebtedness and significant debt service obligations could adversely affect our financial condition and impair our ability to grow and operate our business and we may not comply with the financial covenants under our Credit Agreement in 2012." If we fail to comply with the financial covenants under our Credit Agreement, we may incur additional costs that might adversely affect our financial condition, results of operations and cash flows. Such costs might include costs related to obtaining a waiver of any such non-compliance from our lenders. We cannot assure you that our lenders will agree to waive any such non-compliance.

Although we intend to use the proceeds of this offering to pay down indebtedness under our revolving credit facility in order to increase the likelihood of our compliance with the financial covenants under our Credit Agreement and to improve our ability to refinance our senior credit facilities, there will remain uncertainties regarding our ability to comply with our financial covenants in 2012 and 2013 and achieve such refinancing.

The senior credit facilities under our Credit Agreement mature on June 24, 2013. We intend to refinance our senior credit facilities with new credit facilities prior to such maturity. Such refinancing may cause us to incur significant costs, including costs related to the acceleration of amortizing debt issuance costs.

Greek Economic Crisis. The Greek economy in particular has been adversely affected by global financial pressures. We have historically received approximately $13 million of revenue each year from our contract with the Hellenic Fire Brigade. During 2011, we received an advance payment of approximately 50% of the expected 2011 revenue pursuant to our contract with the Hellenic Fire Brigade. The balance of approximately $5.8 million in accounts receivable is currently past due. In February 2012, the Hellenic Fire Brigade informed our agents and representatives in Greece that, although funds for this receivable have been allocated for payment to us, under Greek law it cannot make the payment until a tax withholding issue is resolved. We are currently working with our agents and representatives in Greece, local tax advisors, and the Greek tax authorities to resolve this withholding tax issue. Although we believe the receivable to be fully collectible, in the event that it is not and we write-off the receivable, we may fail to comply with the financial covenants under our Credit Agreement in 2012.

Our contract with the Hellenic Fire Brigade calls for annual confirmation notices. On January 31, 2012, the Hellenic Fire Brigade notified us that it would not exercise its option to extend our existing contract for the 2012 fire season, which contract relates to the use of three Aircranes during the summer of 2012. The Hellenic Fire Brigade has not notified us whether it intends to exercise its option for the 2013 fire season. As a result of these developments, we are not currently providing services to the Hellenic Fire Brigade and our backlog has been reduced by approximately $25.4 million relating to services we had expected to provide to the Hellenic Fire Brigade in 2012 and 2013. See "Business Backlog" for a discussion of how we define and calculate backlog. We did not receive any advance payments under this contract for 2012.

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Our agents and representatives in Greece have informed us that the Hellenic Fire Brigade has cancelled or not exercised its extension options in respect of all of its firefighting contracts for 2012 with us and all other aerial service providers. NAMSA has posted on its website a request for proposal for Greek aerial firefighting services for the 2012 to 2014 firefighting seasons. We have registered as a NAMSA supplier and we expect to provide a response by late April to the request for proposal to compete for the requested aerial firefighting services to be provided by three heavy-lift helicopters in Greece for 2012 through 2014. The aircraft specifications for the requested services are similar to those relating to the previous tender by the Hellenic Fire Brigade in 2010 that we successfully won. The Hellenic Fire Brigade has been a continuous customer of ours for more than ten years through several successful re-tendering processes. There is no guarantee that our bid will be successful or that we will be able to satisfy tender specifications. If a Greek contract is awarded to us, there is no guarantee that our revenues and profit margins thereunder will be similar to those that we have received in connection with past contracts with the Hellenic Fire Brigade. If a Greek contract is not awarded to us and we are unable to redeploy the three Aircranes we have historically used to provide services in Greece in order to generate comparable revenues and operating earnings, we may fail to comply with the financial covenants under our Credit Agreement in 2012.

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

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

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

We intend to issue 257,799 RSUs concurrently with the closing of this offering, including: (1) 252,935 RSUs to certain members of our management and (2) 4,864 RSUs to our independent directors. The value of each RSU will be the initial public offering price. Based upon the initial public offering price of $8.00 per share, we would expect to recognize stock-based compensation expense of approximately $1.3 million for the three months ending June 30, 2012 with an additional stock-based compensation expense of approximately $0.8 million that will be recognized over the remaining vesting period of such RSUs. In future periods, our stock-based compensation expense may increase materially if we issue additional stock-based awards to attract and retain employees.

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Results of Operations

2011 Compared to 2010

The following table presents our consolidated operating results for the year ended December 31, 2011 compared to the year ended December 31, 2010:

(Dollars in thousands)	Year Ended December 31, 2010	% of Revenues	Year Ended December 31, 2011	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 105,747	89.4	$ 138,637	90.7	$ 32,890	31.1
Manufacturing / MRO	12,493	10.6	14,132	9.3	1,639	13.1
Total revenues	118,240	100.0	152,769	100.0	34,529	29.2
Cost of revenues:						
Aerial Services	81,353	76.9(1)	93,566	67.5(1)	12,213	15.0
Manufacturing / MRO	7,651	61.2(1)	13,730	97.2(1)	6,079	79.5
Total cost of revenues	89,004	75.3	107,296	70.2	18,292	20.6
Gross profit						
Aerial Services	24,394	23.1(1)	45,071	32.5(1)	20,677	84.8
Manufacturing / MRO	4,842	38.8(1)	402	2.8(1)	(4,440)	(91.7)
Total gross profit	29,236	24.7	45,473	29.8	16,237	55.5
Operating expenses:						
General and administrative	14,105	11.9	13,023	8.5	(1,082)	(7.7)
Research and development	6,400	5.4	4,827	3.2	(1,573)	(24.6)
Selling and marketing	6,987	5.9	9,940	6.5	2,953	42.3
Restructuring charges			1,084	0.7	1,084	100.0
Total operating expenses	27,492	23.3	28,874	18.9	1,382	5.0
Income (loss) from operations	1,744	1.5	16,599	10.9	14,855	851.8
Other income (expense), net:						
Interest expense, net	(4,865)	(4.1)	(9,150)	(6.0)	(4,285)	88.1
Loss on early extinguishment of debt	(2,265)	(1.9)			2,265	(100.0)
Other income (expense), net	(6,193)	(5.2)	3,885	2.5	10,078	NM(2)
Total other income (expense)	(13,323)	(11.3)	(5,265)	(3.4)	8,058	(60.5)
Net income (loss) before income taxes and noncontrolling interest	(11,579)	(9.8)	11,334	7.4	22,913	NM
Income tax expense (benefit)	(3,544)	(3.0)	(4,926)	(3.2)	(1,382)	39.0
Net income (loss)	(8,035)	(6.8)	16,260	10.6	24,295	NM
Less: Net (income) loss related to noncontrolling interest	(216)	(0.2)	(390)	(0.3)	1,226	80.6
Net income (loss) attributable to Erickson Air-Crane Incorporated	(8,251)	(7.0)	15,870	10.4	22,121	NM
Dividends on Series A Redeemable Preferred Stock	7,925	6.7	9,151	6.0	1,226	15.5
Net income (loss) attributable to common stockholders	$ (16,176)	(13.7)	$ 6,719	4.4	$ 22,895	NM

(1) Percentage of net revenues of segment.

(2) We use the abbreviation "NM" throughout this prospectus to refer to changes that are not meaningful.

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Revenues

Consolidated revenues increased by $34.5 million, or 29.2%, to $152.8 million in 2011 from $118.2 million in 2010. The increase in revenues was attributable to a $32.9 million increase in Aerial Services revenues and a $1.6 million increase in Manufacturing / MRO revenues compared to 2010.

(Dollars in thousands)	Year Ended December 31, 2010	% of Revenues	Year Ended December 31, 2011	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 105,747	89.4	$ 138,637	90.7	$ 32,890	31.1
Manufacturing / MRO	12,493	10.6	14,132	9.3	1,639	13.1
Total revenues	$ 118,240	100.0	$ 152,769	100.0	$ 34,529	29.2

Aerial Services. Aerial Services revenues increased by $32.9 million, or 31.1%, to $138.6 million in 2011 from $105.7 million in 2010. This increase was due in part to a 40.0% increase in revenue flight hours for Aerial Services during 2011 to 10,152 hours from 7,252 hours in 2010.

The following are our revenues and revenue flight hours by type of service for 2011 and 2010:

(Dollars in thousands)	Year Ended December 31, 2010	Year Ended December 31, 2011	Change	% Change
Aerial Services Revenues:				
Firefighting	$ 54,749	$ 72,939	$ 18,190	33.2
Timber Harvesting	29,694	31,684	1,990	6.7
Infrastructure Construction	5,743	14,459	8,716	151.8
Crewing	15,561	19,555	3,994	25.7
Total Aerial Services revenues	$ 105,747	$ 138,637	$ 32,890	31.1

	Year Ended December 31, 2010	Year Ended December 31, 2011	Change	% Change
Aerial Services Revenue Flight Hours:				
Firefighting	1,803	3,088	1,285	71.3
Timber Harvesting	4,137	4,585	448	10.8
Infrastructure Construction	342	961	619	181.0
Crewing	970	1,518	548	56.5
Total Aerial Services revenue flight hours	7,252	10,152	2,900	40.0

Firefighting revenues increased by $18.2 million, or 33.2%, to $72.9 million in 2011 from $54.7 million in 2010. This increase was largely due to increases in firefighting revenues in North America of $14.6 million and in Australia of $3.8 million in 2011 compared to 2010. In 2011, both the United States and Canada experienced active fire seasons which resulted in higher demand for our services as compared to 2010. In Australia the increase in revenues was primarily due to contract extensions.

Timber Harvesting revenues increased by $2.0 million, or 6.7%, to $31.7 million in 2011 from $29.7 million in 2010. This increase was primarily due to revenues from a new Canadian customer in 2011.

Infrastructure Construction revenues increased by $8.7 million, or 151.8%, to $14.5 million in 2011 from $5.7 million in 2010. This increase was primarily due to longer duration jobs in Canada and the United States and new customers in Brazil, Peru, and Malaysia.

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Crewing revenues increased by $4.0 million, or 25.7%, to $19.6 million in 2011 from $15.6 million in 2010. This increase was due to the mid-year 2010 start of the contract with a United States customer and to higher flight hours in Italy.

Manufacturing / MRO. Manufacturing / MRO revenue increased by $1.6 million, or 13.1%, to $14.1 million in 2011 from $12.5 million in 2010. This increase was primarily due to higher flight hours on our CPH contract in Italy.

Gross Profit

Consolidated gross profit increased by $16.2 million, or 55.5%, to $45.5 million in 2011 from $29.2 million in 2010. The increase was attributable to an increase in Aerial Services gross profit of $20.7 million, partially offset by a decrease in gross profit from Manufacturing / MRO of $4.4 million in 2011 compared to 2010.

(Dollars in thousands)	Year Ended December 31, 2010	% of Related Revenues	Year Ended December 31, 2011	% of Related Revenues	Change	% Change
Gross profit						
Aerial Services	$ 24,394	23.1	$ 45,071	32.5	$ 20,677	84.8
Manufacturing / MRO	4,842	38.8	402	2.8	(4,440)	(91.7)
Total gross profit	$ 29,236	24.7	$ 45,473	29.8	$ 16,237	55.5

Aerial Services. Aerial Services gross profit increased by $20.7 million, or 84.8%, to $45.1 million in 2011 from $24.4 million in 2010. Gross profit margin was 29.8% in 2011 compared to 24.7% in 2010. The revenue increase of $32.9 million for 2011 compared to 2010 was the primary reason for the gross profit improvement. Certain costs of Aerial Services revenues are fixed in nature, and the increase in flight hour revenues directly benefitted our operating margins and results and were partially offset by costs associated with increased maintenance performed in 2011.

Manufacturing / MRO. Manufacturing / MRO gross profit decreased by $4.4 million, or 91.7%, to $0.4 million in 2011 compared to $4.8 million in 2010, primarily due to higher plant costs, including scrap and unabsorbed plant costs due to lower plant activity levels; a net increase in excess inventory reserves; and higher warranty costs associated with an accessory failure on a customer's Aircrane.

Operating Expenses

(Dollars in thousands)	Year Ended December 31, 2010	% of Revenues	Year Ended December 31, 2011	% of Revenues	Change	% Change
Operating expenses:						
General and administrative	$ 14,105	11.9	$ 13,023	8.5	(1,082)	(7.7)
Research and development	6,400	5.4	4,827	3.2	(1,573)	(24.6)
Selling and marketing	6,987	5.9	9,940	6.5	2,953	42.3
Restructuring charges			1,084	0.7	1,084	100.0
Total operating expenses	27,492	23.3	28,874	18.9	1,382	5.0
Income (loss) from operations	$ 1,744	1.5	$ 16,599	10.9	$ 14,855	851.8

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Operating expenses increased by $1.4 million, or 5.0%, to $28.9 million in 2011 from $27.5 million in 2010. The change was primarily due to the write-off of the receivable related to our U.S. Forest Service claim and charges due to our November 2011 restructuring, partially offset by a decrease in legal expenses and a decrease in research and development expenses resulting from the completion of a major project during 2010.

Other Income (Expense), Net

(Dollars in thousands)	Year Ended December 31, 2010	% of Revenues	Year Ended December 31, 2011	% of Revenues	Change	% Change
Other income (expense), net:						
Interest expense, net	$ (4,865)	(4.1)	$ (9,150)	(6.0)	$ (4,285)	88.1
Loss on early extinguishment of debt	(2,265)	(1.9)			2,265	(100.0)
Other income (expense), net	(6,193)	(5.2)	3,885	2.5	10,078	NM
Total other income (expense), net	$ (13,323)	(11.3)	$ (5,265)	(3.4)	$ 8,058	(60.5)

Total other income (expense), net decreased by $8.1 million to $5.3 million of expense in 2011 from $13.3 million of expense in 2010. Interest expense, net increased by $4.3 million, to $9.2 million in 2011, from $4.9 million in 2010, due to an increase in the effective interest rates on borrowings and an increase in our average outstanding borrowings. Loss on early extinguishment of debt included a $1.8 million write-off of debt issuance costs and early debt termination fees of $0.5 million in the 2010 period associated with signing our new Credit Agreement on June 30, 2010.

(In thousands)	Year Ended December 31, 2010	Year Ended December 31, 2011	Change
Other income (expense), net:			
Gain on involuntary conversions	$ 6,285	$	$ (6,285)
Litigation settlement	(10,000)		10,000
Unrealized foreign exchange gain (loss)	(905)	1,819	2,724
Realized foreign exchange gain (loss)	34	(956)	(990)
Gain (loss) on disposal of equipment	(83)	26	109
Amortization of debt issuance costs	(703)	(875)	(172)
Interest expense related to tax contingencies	(495)	2,745	3,240
Other income (expense), net	(326)	1,126	1,452
Other income (expense), net	$ (6,193)	$ 3,885	$ 10,078

Other income (expense), net changed by $10.1 million to $3.9 million of other income in 2011 from $6.2 million of other expense in 2010. Other income (expense), net included a net gain of $6.3 million, after accounting for insurance proceeds, in 2010 associated with an aircraft accident; a $10.0 million litigation settlement with Evergreen Helicopters; $2.7 million associated with the reversal of interest expense from a tax settlement in 2011; and a foreign exchange net gain of $0.9 million in 2011 compared to a foreign exchange net loss of $0.9 million in 2010.

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Income Tax Expense (Benefit)

(Dollars in thousands)	Year Ended December 31, 2010	% of Revenues	Year Ended December 31, 2011	% of Revenues	Change	% Change
Net income (loss) before income taxes and noncontrolling interest	$ (11,579)	(9.8)	$ 11,334	7.4	$ 22,913	NM
Income tax expense (benefit)	(3,544)	(3.0)	(4,926)	(3.2)	(1,382)	39.0
Net income (loss)	$ (8,035)	(6.8)	$ 16,260	10.6	$ 24,295	NM

Income tax expense (benefit) increased by $1.4 million, or 39.0% to $4.9 million in 2011 from $3.5 million in 2010, primarily due to a tax benefit of $9.5 million in 2011 related to a tax settlement.

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

(Dollars in thousands)	Year Ended December 31, 2010	% of Revenues	Year Ended December 31, 2011	% of Revenues	Change	% Change
Net income (loss)	$ (8,035)	(6.8)	$ 16,260	10.6	$ 24,295	NM
Less: Net (income) loss related to noncontrolling interest	(216)	(0.2)	(390)	(0.3)	1,226	80.6
Net income (loss) attributable to Erickson Air-Crane Incorporated	(8,251)	(7.0)	15,870	10.4	22,121	NM
Dividends on Series A Redeemable Preferred Stock	7,925	6.7	9,151	6.0	1,226	15.5
Net income (loss) attributable to common stockholders	$ (16,176)	(13.7)	$ 6,719	4.4	$ 22,895	NM

Net income (loss) attributable to Erickson Air-Crane Incorporated changed by $22.1 million to $15.9 million net income in 2011 from $8.3 million net loss in 2010, primarily due to the changes in revenues, expenses, and taxes discussed above. Net income (loss) attributable to common stockholders changed by $22.9 million to net income of $6.7 million in 2011 from a loss of $16.2 million in 2010 after accounting for accrued dividends on our Series A Redeemable Preferred Stock.

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2010 Compared to 2009

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

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Net revenues:						
Aerial Services	$ 113,603	75.9	$ 105,747	89.4	$ (7,856)	(6.9)
Manufacturing / MRO	36,019	24.1	12,493	10.6	(23,526)	(65.3)
Total revenues	149,622	100.0	118,240	100.0	(31,382)	(21.0)
Cost of revenues:						
Aerial Services	76,855	67.7(1)	81,353	76.9(1)	4,498	5.9
Manufacturing / MRO	21,272	59.1(1)	7,651	61.2(1)	(13,621)	(64.0)
Total cost of revenues	98,127	65.6	89,004	75.3	(9,123)	(9.3)
Gross profit						
Aerial Services	36,748	32.3(1)	24,394	23.1(1)	(12,354)	(33.6)
Manufacturing / MRO	14,747	40.9(1)	4,842	38.8(1)	(9,905)	(67.2)
Total gross profit	51,495	34.4	29,236	24.7	(22,259)	(43.2)
Operating expenses:						
General and administrative	14,877	9.9	14,105	11.9	(772)	(5.2)
Research and development	6,889	4.6	6,400	5.4	(489)	(7.1)
Selling and marketing	5,115	3.4	6,987	5.9	1,872	36.6
Total operating expenses	26,881	18.0	27,492	23.3	611	2.3
Income (loss) from operations	24,614	16.5	1,744	1.5	(22,870)	(92.9)
Other income (expense), net:						
Interest expense, net	(6,006)	(4.0)	(4,865)	(4.1)	1,141	(19.0)
Loss on early extinguishment of debt			(2,265)	(1.9)	(2,265)	(100.0)
Other income (expense), net	(987)	(0.7)	(6,193)	(5.2)	(5,206)	527.5
Total other income (expense)	(6,993)	(4.7)	(13,323)	(11.3)	(6,330)	90.5
Net income (loss) before income taxes and noncontrolling interest	17,621	11.8	(11,579)	(9.8)	(29,200)	NM
Income tax expense (benefit)	5,330	3.6	(3,544)	(3.0)	(8,874)	NM
Net income (loss)	12,291	8.2	(8,035)	(6.8)	(20,326)	NM
Less: Net (income) loss related to noncontrolling interest	(239)	(0.2)	(216)	(0.2)	23	(9.6)
Net income (loss) attributable to Erickson Air-Crane Incorporated	12,052	8.1	(8,251)	(7.0)	(20,303)	NM
Dividends on Series A Redeemable Preferred Stock	6,806	4.5	7,925	6.7	1,119	16.4
Net income (loss) attributable to common stockholders	$ 5,246	3.5	$ (16,176)	(13.7)	$ (21,422)	NM

(1)

Percentage of net revenues of segment.

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Revenues

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

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

Aerial Services. Aerial Services revenues decreased by $7.9 million, or 6.9%, to $105.7 million in 2010 from $113.6 million in 2009. This decrease was due in part to a 10.8% decrease in revenue flight hours for Aerial Services during 2010 to 7,252 hours from 8,132 hours in 2009.

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

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

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

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

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

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

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

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

Gross Profit

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

(Dollars in thousands)	Year Ended December 31, 2009	% of Related Revenues	Year Ended December 31, 2010	% of Related Revenues	Change	% Change
Gross profit						
Aerial Services	$ 36,748	32.3	$ 24,394	23.1	$ (12,354)	(33.6)
Manufacturing / MRO	14,747	40.9	4,842	38.8	(9,905)	(67.2)
Total gross profit	$ 51,495	34.4	$ 29,236	24.7	$ (22,259)	(43.2)

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

Manufacturing / MRO. Manufacturing / MRO gross profit decreased by $9.9 million, or 67.2%, to $4.8 million in 2010 compared to $14.7 million in 2009, primarily due to the decreased revenues. Gross profit margin was 38.8% in 2010 compared to 40.9% in 2009.

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Operating Expenses

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

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

Other Income (Expense), Net

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

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

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

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

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

Income Tax Expense (Benefit)

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

Income tax expense (benefit) decreased by $8.9 million to a benefit of $3.5 million in 2010 from an expense of $5.3 million in 2009, primarily due to the decrease in net income (loss) before taxes. The effective tax rate in 2010 was 30.6% compared to 30.2% in 2009.

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

(Dollars in thousands)	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2010	% of Revenues	Change	% Change
Net income (loss)	$ 12,291	8.2	$ (8,035)	(6.8)	$ (20,326)	NM
Less: Net (income) loss related to noncontrolling interest	(239)	(0.2)	(216)	(0.2)	23	(9.6)
Net income (loss) attributable to Erickson Air-Crane Incorporated	12,052	8.1	(8,251)	(7.0)	(20,303)	NM
Dividends on Series A Redeemable Preferred Stock	6,806	4.5	7,925	6.7	1,119	16.4

Net income (loss) attributable to common stockholders	$	5,246	3.5	$	(16,176)	(13.7)	$	(21,422)	NM

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

Liquidity and Capital Resources

We believe that our cash flows from operations, together with cash on hand and the availability of our revolving credit facility, will 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. Although we had cash used in operations in 2010 and 2011, we expect to have cash flow from operations in 2012 primarily because a significant factor that caused us to have cash used in operations in 2010 and 2011 was the increase in our inventory mainly attributable to the manufacture of two Aircranes. We expect to have a significant decrease in the amount of cash used for inventory in 2012 as compared to the amounts used in 2010 and 2011 and, to a lesser extent, savings resulting from our reduction-in-force in November 2011. However, such cash flows are dependent upon our future operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business, and other factors, including the conditions of our markets, some of which are beyond our control. Specifically, we have a concentration of large customers, several of which are U.S. and foreign government agencies or entities, and our cash flows depend on being able to collect our receivables from them. See "Risk Factors Risks Related to Our Business We depend on a small number of large customers for a significant portion of our revenues" and " Risks Related to Our Business Our failure to timely collect our receivables could adversely affect our cash flows and results of operations and our compliance with the financial covenants under our Credit Agreement." If, in the future, we cannot generate sufficient cash from operations to comply with 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.

Our senior credit facilities mature on June 24, 2013. In addition, if we are unable to comply with the financial covenants in our senior credit facilities, we may need to refinance such facilities or seek waivers from our lenders. In any event, we intend to refinance our senior credit facilities with new credit facilities prior to maturity.

One of our significant customers holds the right to exercise a put option that would, if exercised, require us to repurchase on July 31, 2013 the Aircrane we sold to such customer in 2009. If such customer exercises this put option, we expect to pay the repurchase price with cash generated from operations and any currently available financing sources. Because our existing credit facility terminates on June 24, 2013, our ability to finance this purchase may depend on our ability to refinance our senior credit facilities as described above.

Concurrently with the closing of this offering, we, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P. will amend our unsecured subordinated promissory notes to decrease the interest rate on such notes from 20.0% per annum to 10.0% per annum. Under the notes, no periodic payment of principal or interest in cash is required and we have the right to prepay all or any portion of the notes at any time prior to maturity without any prepayment premium or penalty. At maturity, the notes due in 2015 will have principal including an accreted amount payable of $16.5 million, and the notes due in 2016 will have principal including an accreted amount payable of $19.4 million. At or prior to the maturity of the notes in 2015 and 2016, we will need to refinance the notes with additional indebtedness or repay them with cash from operations (which may include the sale of Aircranes) or the proceeds of future equity financings, none of which can be assured. In addition, under the terms of our Credit Agreement, we are prevented from paying down principal on these notes unless such payments are made with proceeds of an equity offering in which we receive minimum net cash proceeds of $60 million. We may be unable to

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negotiate more favorable terms to permit the repayment of such notes. Additionally, we may be unable to obtain other financing on favorable terms or at all, which could adversely affect our business, financial condition, and results of operations.

2011 Compared to 2010

The following chart is a condensed presentation of our statement of cash flows for year ended December 31, 2011 and 2010 (in thousands):

	Year Ended December 31, 2010	Year Ended December 31, 2011	Change
Net cash provided by (used in) operating activities	$ (8,430)	$ (20,723)	$ (12,293)
Net cash provided by (used in) investing activities	(5,017)	(13,083)	(8,066)
Net cash provided by (used in) financing activities	11,057	32,759	21,702
Foreign-currency effect on cash and cash equivalents	782	(613)	(1,395)
Net increase (decrease) in cash and cash equivalents	(1,608)	(1,660)	(52)
Cash and cash equivalents at beginning of period	3,536	1,928	(1,608)
Cash and cash equivalents at the end of period	$ 1,928	$ 268	$ (1,660)

Sources and Uses of Cash

At December 31, 2011, we had cash and cash equivalents of $0.3 million compared to $1.9 million at December 31, 2010. At December 31, 2011, we had restricted cash of $5.2 million compared to $4.3 million at December 31, 2010. Our cash and cash equivalents are intended to be used for working capital, capital expenditures, and debt repayments. Our restricted cash includes cash to secure certain performance and bid bonds on certain contracts.

Net cash provided by (used in) operating activities. For the year ended December 31, 2011, net cash provided by operating activities before the change in operating assets and liabilities was $20.0 million, which included net income of $16.3 million and non-cash adjustments reconciling net income to net cash provided by operating activities of $3.7 million (depreciation of $7.3 million and amortization of debt issuance costs of $0.9 million, non-cash interest on subordinated notes of $3.2 million, coupled with an increase in deferred income taxes of $4.6 million, partially offset by a non-cash tax settlement of $9.5 million and non-cash interest reversal on tax contingencies of $2.7 million). The change in operating assets and liabilities was a $40.7 million use consisting of the following: a $25.7 million increase in Aircranes and support parts (primarily attributable to increases in inventory levels, including the in-process build of aircraft), a $6.8 million decrease in accrued and other current liabilities, a $4.6 million increase in accounts receivable (primarily attributable to a receivable related to our Greece contract), a $4.1 million decrease in other long-term liabilities, and a $0.2 million decrease in accounts payable, partially offset by a $0.5 million decrease in prepaid expenses and other and a $1.5 million decrease in income taxes payable. As a result of these factors, we used $20.7 million of cash in operating activities in the year ended December 31, 2011.

For the year ended December 31, 2010, net cash used in operating activities before the change in operating assets and liabilities was $9.2 million, which includes a net loss of $8.0 million and non-cash adjustments reconciling net income to net cash used in operating activities of $1.1 million (gain on involuntary conversion related to an aircraft accident of $6.3 million after accounting for insurance proceeds, coupled with a net decrease in deferred income taxes of $3.5 million, partially offset by depreciation of $4.7 million, non-cash interest on subordinated notes of $0.9 million, amortization and write-off of debt issuance costs of $2.5 million, and non-cash interest on tax contingencies of $0.5 million). The change in operating assets and liabilities was a $0.7 million source consisting of the following: a

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$15.2 million decrease in accounts receivable (primarily attributable to the collection of a receivable of our 2009 aircraft sale), a $8.4 million increase in other long-term liabilities (primarily attributable to a customer prepayment under a CPH contract), a $9.7 million increase in accrued and other current liabilities (primarily attributable to the accrual of a legal settlement), and a $0.9 million increase in accounts payable, partially offset by a $26.7 million increase in Aircranes and support parts (primarily attributable to the in-process build of aircraft for sale), a $4.2 million increase in prepaid expenses and other, and a $2.5 million decrease in income taxes payable. As a result of these factors, we used $8.4 million of cash in operating activities for the year ended December 31, 2010.

Net cash provided by (used in) investing activities. Net cash used in investing activities was $13.1 million for the year ended December 31, 2011 compared to net cash used in investing activities of $5.0 million for the year ended December 31, 2010. In the year ended December 31, 2011, we used net cash of $11.4 million for heavy maintenance on our fleet, implementing a new enterprise resource planning system ("ERP") system, as well as routine capital expenditures. In the year ended December 31, 2010, we used net cash of $14.6 million for capital expenditures, including the addition of an aircraft to our fleet, and received $9.5 million in insurance proceeds from involuntary conversions.

Net cash provided by (used in) financing activities. Net cash provided by financing activities was $32.8 million for the year ended December 31, 2011 compared to $11.1 million for the year ended December 31, 2010. In the year ended December 31, 2011, net cash provided by financing activities of $33.5 million was from net borrowings of long-term debt and we used cash of $0.8 million for debt issuance costs related to our credit facility refinancing. In the year ended December 31, 2010, net cash provided by financing activities of $12.5 million was from net borrowings of long-term debt and we used cash of $1.4 million for debt issuance costs related to our credit facility refinancing.

2010 Compared to 2009

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

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

Sources and Uses of Cash

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

Net cash provided by (used in) operating activities. For the year ended December 31, 2010, net cash used in operating activities before the change in operating assets and liabilities was $9.2 million, which includes a net loss of $8.0 million and non-cash adjustments reconciling net income to net cash used in operating activities of $1.1 million (gain on involuntary conversion related to an aircraft accident of $6.3 million after accounting for insurance proceeds, coupled with a net decrease in deferred income taxes of $3.5 million, partially offset by depreciation of $4.7 million, non-cash interest on subordinated notes of $0.9 million, amortization and write-off of debt issuance costs of $2.5 million, and non-cash interest on tax contingencies of $0.5 million). The change in operating assets and liabilities was a $0.7 million source consisting of the following: a $15.2 million decrease in accounts receivable (primarily attributable to the collection of a receivable of our 2009 aircraft sale), a $8.4 million increase in other long-term liabilities (primarily attributable to a customer prepayment under a CPH contract), a $9.7 million increase in accrued and other current liabilities (primarily attributable to the accrual of a legal settlement), and a $0.9 million increase in accounts payable, partially offset by a $26.7 million increase in Aircranes and support parts (primarily attributable to the in-process build of aircraft for sale), a $4.2 million increase in prepaid expenses and other, and a $2.5 million decrease in income taxes payable. As a result of these factors, we used $8.4 million of cash in operating expenses in the year ended December 31, 2010.

For the year ended December 31, 2009, net cash provided by operating activities before the change in operating assets and liabilities was $21.2 million, which includes net income of $12.3 million and non-cash adjustments reconciling net income to net cash used in operating activities of $8.9 million (depreciation of $4.4 million, coupled with a net increase in deferred income taxes of $3.4 million, amortization of debt issuance costs of $1.0 million and non-cash interest on tax contingencies of $0.5 million, partially offset by a gain on disposal of equipment of $0.3 million). The change in operating assets and liabilities was a $11.3 million use consisting of the following: a $9.6 million increase in Aircranes and support parts, including the in-process build of aircraft, a $4.9 million increase in accounts receivable (primarily attributable to the sale of an aircraft in December 2009), and a $2.8 million decrease in accrued and other current liabilities, partially offset by a $4.6 million increase in income taxes payable and a $1.5 million decrease in prepaid expenses and other. As a result of these factors, we provided $9.9 million of cash in operating expenses in the year ended December 31, 2009.

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

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

Description of Indebtedness

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

Senior Credit Facilities

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

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The commitment under the senior credit facilities is shared among Wells Fargo (60.4%), KeyBank National Association (13.2%), Bank of the West (13.2%), Bank of America, N.A. (7.5%), and Union Bank, N.A. (5.7%).

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

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

The senior credit facilities contain several affirmative and negative covenants customary for similar senior credit facilities, including the following financial covenants: a leverage ratio test based on maximum Funded Indebtedness (excluding subordinated debt) to Bank EBITDA, a minimum fixed charge coverage ratio and, beginning with the quarter ending June 30, 2012 and thereafter, a minimum tangible net worth amount. In addition, if at any time the amount outstanding under our senior credit facilities exceeds the most recent Asset Coverage Amount (as defined in our Credit Agreement), we have to prepay the amount of such excess. Under the senior credit facilities we have affirmative covenants to, among other things, deliver certain financial statements, notices, and certificates to our lenders and maintain certain insurance policies. The negative covenants include limitations on indebtedness, liens, acquisitions, mergers and dispositions, investments, fundamental changes, certain lease transactions, restricted payments, transactions with affiliates, agreements that burden our subsidiaries, and capital expenditures.

We were in compliance with our financial covenants at December 31, 2011 and we expect to be in compliance with such financial covenants at March 31, 2012. The maximum leverage ratio under our senior credit facilities was 3.50 to 1.0 for the fiscal quarter ended December 31, 2011. Our actual leverage ratio was 3.12 at December 31, 2011. The minimum fixed charge coverage ratio at December 31, 2011 under our senior credit facilities was 2.00 to 1.0 and is 1.75 to 1.00 for the quarter ending March 31, 2012 and subsequent quarters. Our actual fixed charge coverage ratio was 2.42 to 1.0 at December 31, 2011. The minimum net income requirement under our senior credit facilities was $1.00 for the year ended December 31, 2011. Our net income for the year ended December 31, 2011 was $15.9 million. We are no longer subject to a minimum net income covenant. Beginning with the quarter ending June 30, 2012, we will be subject to a tangible net worth covenant under which we are required to have a tangible net worth of not less than $75.0 million plus 90% of the net proceeds from our issuance of certain equity interests

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after April 30, 2010 (other than proceeds used substantially contemporaneously with receipt to retire or redeem specified subordinated debt and/or Series A Redeemable Preferred Stock), which requirement increases to $100.0 million for the quarter ending September 30, 2012 and subsequent quarters. If our business does not perform as expected, including if a Greek contract is not awarded to us or we otherwise generate less than anticipated revenue from our Aerial Services operations or encounter significant unexpected costs, we may fail to comply with the financial covenants under our Credit Agreement in 2012. Using the definition of tangible net worth in our Credit Agreement, our tangible net worth at December 31, 2011 was $86.6 million, which included, for the purposes of this covenant, the outstanding principal and accrued but unpaid interest on our unsecured subordinated promissory notes at that date and an amount equal to at least $6.0 million in order to exclude the impact of certain charges in the fourth quarter of 2010. Our minimum tangible net worth requirement at June 30, 2012, absent other qualifying sales of equity, will be $75 million plus 90% of the net proceeds of this offering, and at September 30, 2012 and at the end of each quarter thereafter will be $100 million plus 90% of such net proceeds. Our tangible net worth at June 30, 2012 and at subsequent quarter ends, for purposes of compliance with our Credit Agreement, will be the $86.6 million amount set forth above, plus (1) 100% of the net proceeds of this offering, (2) the effects of net income or net loss after December 31, 2011, and (3) the accrual of interest on the subordinated promissory notes since December 31, 2011. Based on the initial public offering price of $8.00 per share, then for purposes of compliance with the minimum tangible net worth covenant we expect to require at least $7.8 million of cumulative net income for the period from January 1, 2012 through September 30, 2012. See " Trends and Uncertainties Affecting Our Business Credit Agreement Compliance and Refinancing Costs."

Our indebtedness under our senior credit facilities is secured by liens on substantially all our assets, including our interests in our subsidiaries, our real and personal property, and interests in property and proceeds thereof, including, but not limited to, intangible assets and the type certificates and supplemental type certificates for our aircraft.

The Credit Agreement allows borrowings up to $67.5 million under the revolving credit facility, which terminates on June 24, 2013. The weighted average interest rate for borrowings under the revolving credit facility for the years ended December 31, 2011 and 2010 was 5.35% and 4.02%, respectively. The outstanding balance under the revolving credit facility at December 31, 2011 and 2010, excluding letters of credit, was $51.8 million and $22.8 million, respectively. These amounts were classified as long-term debt based on the maturity date of the Credit Agreement. The borrowing rate at December 31, 2011 and 2010 was 3.61% and 3.86%, respectively. We had approximately $2.3 million and $7.8 million outstanding standby letters of credit issued as of December 31, 2011 and 2010, respectively.

Due to the seasonality of our business, the amount outstanding under our revolving credit facility during the fiscal year varies significantly. During the fiscal years ended December 31, 2011 and December 31, 2010, the outstanding balance on our existing and prior revolving credit facility, excluding letters of credit, ranged from $22.8 million to $64.9 million and $0.3 million to $33.7 million, respectively. The outstanding balance on our revolving credit facility, excluding letters of credit of $2.3 million, was $51.8 million as of December 31, 2011. At December 31, 2011, we had a maximum availability for borrowings under our revolving credit facility, including letters of credit, of approximately $13.4 million.

The Credit Agreement allows borrowings of up to $65.0 million under the term loan facility. On June 30, 2010, we borrowed $65.0 million and used the proceeds to pay off existing debt. We are required to pay $1.625 million per quarter for principal, plus accrued interest, until maturity, at which time the remaining principal balance of $45.5 million, plus accrued interest, is due. The term loan matures on June 24, 2013. The weighted average interest rate for the term loan borrowings for the year ended December 31, 2011 and 2010 was 4.73% and 3.32%, respectively. At December 31, 2011 and 2010, the outstanding balance under the term loan facility was $55.3 million and $61.8 million, respectively. The borrowing rate at December 31, 2011 and 2010 was 3.17% and 3.50%, respectively.

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On June 30, 2010, we expensed deferred loan costs and termination fees relating to the old debt in the amount of $2.3 million and capitalized loan costs relating to the new credit facilities in the amount of $2.7 million. On June 30, 2011, we paid $0.4 million in amendment fees in conjunction with the amendment of our Credit Agreement and the fees associated with obtaining the establishment of the Working Capital Guarantee Credit Agreement. Such loan costs will be amortized to amortization of debt issuance costs over the term of such credit agreements.

We intend to use the proceeds from this offering to pay down indebtedness under our revolving credit facility, which will increase the amounts available for future borrowing under this facility and will, in our view, increase the likelihood of our compliance with the financial covenants under our Credit Agreement and improve our ability to refinance our senior credit facilities.

Working Capital Guarantee Credit Agreement

On June 30, 2011, in connection with an amendment to the Credit Agreement, we obtained a separate credit facility with Wells Fargo of up to $10.0 million, pursuant to which Wells Fargo issues standby letters of credit to certain of our non-domestic customers for the purpose of assuring our performance of our obligations to such customers. The standby letters of credit are collateralized by the proceeds of unsecured subordinated promissory notes we issued to ZM Private Equity Fund I, L.P. in the initial principal amount of $700,000 and to ZM Private Equity Fund II, L.P. in the initial principal amount of $300,000. See " Subordinated Notes" below. The $1.0 million is included in restricted cash. As of December 31, 2011 we had $8.6 million in outstanding letters of credit under this credit facility, and the largest amount we had outstanding during the year ended December 31, 2011 was $8.6 million.

Subordinated Notes

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

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

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

Interest on all of the foregoing unsecured subordinated promissory notes accrues at a rate of 20.0% per year. Interest is payable quarterly in arrears and is payable in kind by increasing the principal amount of the note. No periodic payment of principal or interest in cash is required. We have the right to prepay all or any portion of the notes at any time prior to maturity without any prepayment premium or penalty. However, under the terms of our Credit Agreement, we are prevented from paying down principal on these notes unless such payments are made with proceeds of an equity offering in which we receive minimum net cash proceeds of $60.0 million. We may be unable to negotiate more favorable terms to permit the repayment of such notes.

The aggregate balance of our unsecured subordinated promissory notes was $23.5 million and $9.4 million at December 31, 2011 and December 31, 2010, respectively. The weighted average interest rate for the year ended December 31, 2011 and 2010 was 20.0% and 11.81% respectively.

Concurrently with the closing of this offering, we, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P. will amend our unsecured subordinated promissory notes to decrease the interest rate on such notes from 20.0% per annum to 10.0% per annum.

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Bank EBITDA

We use an adjusted EBITDA ("Bank EBITDA") to monitor compliance with various financial covenants under our Credit Agreement. In addition to adjusting net income (loss) to exclude interest expense, net, provision for (benefit from) income taxes, and depreciation and amortization, Bank EBITDA also adjusts net income by excluding non-cash unrealized mark-to-market foreign exchange gains (losses), specified litigation expenses up to a maximum of $2.0 million for any 12-month period, certain management fees, gains from sale of equipment, non-cash charges arising from awards to employees relating to equity interests, non-cash charges relating to financings, initial public offering-related non-capitalized expenses up to a maximum of $2.0 million, certain fourth quarter of 2010 charges up to $11.6 million and other unusual, extraordinary, non-recurring non-cash costs. For each calculation of Bank EBITDA made as of the end of the quarters ended June 30, September 30, and December 31, 2011 and that will be made as of the quarter ending March 31, 2012, Bank EBITDA also includes an amount equal to the $10.0 million in new unsecured subordinated promissory notes dated June 30, 2011 and any additional subordinated debt issued in connection with an equity cure under the Credit Agreement. Such amounts have been excluded from the table below for presentation purposes. Bank EBITDA also assists us in monitoring our ability to undertake key investing and financing functions such as making investments and incurring additional indebtedness, which may be prohibited by the covenants under our Credit Agreement unless we comply with certain financial ratios and tests.

Bank EBITDA 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. A reconciliation of net income to EBITDA to Bank EBITDA is provided below.

(In thousands)	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Bank EBITDA Reconciliation:			
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 12,052	$ (8,251)	$ 15,870
Interest expense, net	6,006	4,865	9,150
Tax expense (benefit)	5,330	(3,544)	(4,926)
Depreciation	4,378	4,745	7,300
Amortization of debt issuance costs	976	703	875
EBITDA	$ 28,742	$ (1,482)	$ 28,269
Non-cash unrealized mark-to-market foreign exchange gains (losses)	992	905	(1,819)
Interest related to tax contingencies	500	495	(2,745)
Management fees[(1)]	500	165	
Loss on early extinguishment of debt		2,265	
Litigation expense	1,430	2,000	1,390
Legal settlements and other		11,600	
Other (gains) losses	(668)	(4,089)[(2)]	(26)
Bank EBITDA	$ 31,496	$ 11,859	$ 25,069[(3)]

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

(2)

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

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(3)

As part of the amendments to the Credit Agreement on June 30, 2011, the $10.0 million in new unsecured subordinated promissory notes are included, with limitation, as an addition to Bank EBITDA. Such amounts have been excluded from this table for presentation purposes.

Restricted Cash

We maintain restricted cash at financial institutions as collateral for performance and bid bonds on certain contracts. At December 31, 2010 and 2011, the amount of such restricted cash was $4.3 million and $5.2 million, respectively.

Contractual Obligations

As of December 31, 2011, we had $130.6 million of long-term debt (including current maturities), excluding letters of credit. This amount consisted of the term loan debt of $55.3 million and the revolving credit facility debt of $51.8 million under the Credit Agreement and the unsecured subordinated promissory notes of $23.5 million.

The following table sets forth our long-term contractual cash obligations as of December 31, 2011 (in thousands):

	Payment Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual obligations[1][2]:					
Term debt	$ 55,250	$ 6,500	$ 48,750	$	$
Revolving credit facility	51,783		51,783		
Unsecured subordinated promissory notes	23,537		11,400	12,137	
Operating leases	1,459	497	433	120	409
Total contractual obligations	$ 132,029	$ 6,997	$ 112,366	$ 12,257	$ 409

(1)

Amounts shown above do not include outstanding purchase orders as of December 31, 2011.

(2)

Amounts shown in the table above do not include any payment obligations under the put option that would, if exercised, require us to repurchase on July 31, 2013 the Aircrane we sold to one of our customers in 2009. See Note 12 to our audited condensed consolidated financial statements included in this prospectus.

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

Off-Balance Sheet Arrangements

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

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

Letters of Credit. To meet certain customer requirements, we issue letters of credit which are used as collateral for performance bonds, bid bonds, or advance customer payment on contracts. These instruments involve a degree of risk that is not recorded on our balance sheet. We had letters of credit with various expiration dates extending through 2013 valued at approximately $15.1 million outstanding at December 31, 2011, including $2.3 million outstanding under our revolving credit agreement, $8.6 million outstanding under our working capital guarantee credit agreement and $4.3 million (€3.3 million) outstanding under a performance bond issued by Banca Di Credito Cooperativo Di Cambiano that we have secured with $3.9 million (€3.0 million) in 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 December 31, 2011, there were €2.6 million of advances outstanding under these types of arrangements.

Uncertainty in Income Taxes

While we believe we have adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from our accrued positions as a result of uncertain and complex application of tax regulations. Additionally, the recognition and measurement of certain tax benefits includes estimates and judgment by management and inherently includes subjectivity. Accordingly, additional provisions on tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

Other Contingencies

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

Critical Accounting Policies and Estimates

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

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

Revenue Recognition

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

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

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Manufacturing / MRO. Historically, we have recognized revenues on Aircrane sales when the Aircrane was delivered to a customer, because management did not believe it was able to accurately estimate the percentage of completion of an Aircrane during manufacturing. After our acquisition in September 2007, we revised our cost tracking and estimating processes, including personnel and system changes, which management believes provides them with the ability to accurately track and estimate costs in order to determine the percentage of completion of an Aircrane during manufacturing. Accordingly, we expect to recognize revenue for our long-term construction contracts in the future using the percentage of completion method, when all required criteria are met.

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

Contracts for the sale of Aircranes have multiple deliverables. Such elements may include warranty, spare parts, training and crew provisioning arrangements. We allocate arrangement consideration based on the relative selling prices of the separate units of accounting contained within an arrangement containing multiple deliverables. Selling prices are determined using fair value, when available, third party evidence when fair value is not available, or our estimate of selling price when fair value and third party evidence is not available.

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

Accounts Receivable

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

Aircrane Support Parts

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

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

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

Income Taxes

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

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

Impairment and Depreciation of Long-Lived Assets

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

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

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

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Warranty Reserves

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

Recently Issued Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 2 to our audited condensed consolidated financial statements included in this prospectus.

Quantitative and Qualitative Disclosure Regarding Market Risk

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

Interest Rate Risk

At December 31, 2011, we had total indebtedness of $130.6 million (excluding $15.1 million of letters of credit). Our exposure to market risk from adverse changes in interest rates is primarily associated with our senior secured credit facilities and long-term debt obligations. Market risk associated with our long-term debt relates to the potential reduction in fair value and negative impact to future earnings, respectively, from an increase in interest rates. Under the Credit Agreement, our borrowings bear interest at fluctuating rates. The applicable interest rate is calculated based on either LIBOR or a base rate plus a margin depending on the level of the Funded Indebtedness to Bank EBITDA ratio as defined in the Credit Agreement. The rates applicable to outstanding borrowings fluctuate based on many factors including, but not limited to, general economic conditions and interest rates, including the LIBOR, Federal Funds, and prime rates, and the supply of and demand for credit in the London interbank market. We estimate that a hypothetical 10% change in the LIBOR or prime rate as quoted by Wells Fargo would have impacted interest expense for the year ended December 31, 2011 by $0.8 million.

Aircraft Fuel

Our results of operations are affected by changes in price and availability of aircraft fuel. Based on our 2011 fuel consumption, a 10% increase in the average price per gallon of fuel would increase fuel expense for fiscal year 2011 by approximately $1.6 million. Many of our contracts allow for recovery of all or part of any fuel cost change through pricing adjustments. We do not currently purchase fuel under long-term contracts or enter into futures or swap contracts.

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

Foreign Currency Exchange Rate Risk

A significant portion of our revenues are denominated in a currency other than the U.S. dollar. We are subject to exposures that arise from foreign currency movements between the date the foreign currency transactions are recorded and the date they are settled. Our exposure to foreign currency movements is somewhat mitigated through naturally offsetting asset and liability currency positions. We periodically enter into foreign currency hedging transactions to mitigate the risk of foreign currency movements and minimize the impact of exchange rate fluctuations on our profits. A hypothetical 10% decrease in the value of the foreign currencies in which our business is denominated relative to the U.S. dollar for the year ended December 31, 2011 would have resulted in an estimated pre-hedged $0.6 million decrease in our net income.

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THE COMMERCIAL HEAVY-LIFT HELICOPTER INDUSTRY

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

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

History and Development of the Commercial Heavy-Lift Helicopter

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

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

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

Due to the growing utility of heavy-lift helicopters, the universe of users has expanded to include large and medium-sized businesses and federal, state, local, and international government agencies. Customers often lease the aircraft under arrangements where they pay for the aircraft, crew, maintenance, and insurance, as well as fuel expense.

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Commercial Heavy-Lift Helicopter Alternatives

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

	S-64E/S-64F	CH-54A/CH-54B	S-61(1)(2)	Columbia 234(3)	Columbia 107(3)	KA-32(4)	MIL 26(5)
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	470/408	240	207	605	497
Max Speed (knots)	115/104	115/104	165/143	170	143	166	183
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(6)	Standard	Restricted	Depends on Configuration	Standard	Standard	Restricted	Restricted
Approximate Number in Operation	29	11	102/47(8)	7(7)	14(7)	Unknown	Unknown

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

Sources:

(1) TransGlobal Aviation, www.transglobalaviation.net.

(2) Evergreen Helicopters, Inc., www.evergreenaviation.com.

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

(4) Kamov Helicopters, www.kamov.net.

(5) FAS Military Analysis Network, www.fas.org.

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

(7) PRWeb, www.prweb.com.

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

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Current S-64 and CH-54 Operators

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

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

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

Commercial Heavy-Lift Helicopter Markets

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

Aerial Firefighting

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

Fire Trends

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

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

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

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

North America

In North America, the Western U.S. and Canada have historically suffered the most from the effects of wildfires. Since 1999, the U.S. has experienced 242 large wildfires, compared to 119 in the previous two decades combined. 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 2010:

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

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

Southern Europe

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

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

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

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

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

Burnt Area in Greece 1980-2010

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

Australia

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

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

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

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

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Timber Harvesting

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

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

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

North American Harvest Demand for Sawlogs

Source: RISI, March 2010 data.

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

Infrastructure Construction

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

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

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

Projected Annual Global Infrastructure Expenditures through 2030

Source: CIBC World Markets.

Building Construction and Specialized Heavy-Lift Projects

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

Energy Transmission and Distribution

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

The global market for electric power transmission and distribution equipment is forecasted to reach $154.4 billion by the year 2017. 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.

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According to Global Industry Analysts, Asia-Pacific represents both the largest and the fastest growing regional market for electric power transmission and distribution equipment. Driven by China's significant economic growth and investment in electrifying new housing, as well as India's initial progress in the electrical sector, the Asia-Pacific electric power transmission and distribution equipment market is expected to grow at a compounded annual growth rate of 8.3% from 2010 to 2017.

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

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

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

Alternative Energy

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

Oil and Gas Pipeline Development

Heavy-lift helicopters are expected to play a significant role in the continued development of global oil and gas pipelines. Continued global demand for natural gas, crude oil, and petroleum products, coupled with production of gas and oil moving to more remote areas, drives the need for constant pipeline expansion. There are currently approximately 1.5 million kilometers of natural gas, crude oil, and petroleum product pipeline globally. According to Global Data, an additional 100,000 kilometers of pipeline are expected to be developed by 2015, driven by significant increases in global consumption of natural gas and crude oil.

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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:

Future Pipeline Projects by Region (km)

Source: SIMDEX, September 2010.

According to the Pipeline and Gas Journal, an estimated $193.0 billion will be spent on onshore pipelines from 2011 to 2015 and an estimated $55.0 billion is expected to be spent on pipeline construction 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	364-mile Beluga to Fairbanks (B2F) gas pipeline
	700-mile Texas natural gas line (NGL) pipeline
Asia	285-mile Rizhao-Dongming oil pipeline
	1,240-mile Russia-China Crude Pipeline
	1,970-mile NGL pipeline network
	790-mile Jagdishpur-Haldia NGL pipeline
	510-mile Dabhol to Bangalore NGL pipeline
Australasia	280-mile coal seam gas (CSG) pipeline
	318-mile Malaysian pipeline
Europe	560-mile Black Sea NGL pipeline
	500-mile Turkey-Greece-Italy pipeline
	281-mile Skanled pipeline
	2,050-mile Nabucco pipeline
	130-mile Slovakia-Hungary pipeline
Middle East & Africa	595-mile Abu Dhabi pipeline
	560-mile Iran-Pakistan pipeline
	2,565-mile Nigeria-Algeria pipeline
South America	750-mile Brazilian pipeline network
	155-mile Carrasco-Cochabamba gas pipeline
	136-mile Humay-Marcona pipeline

Source: Pipeline & Gas Journal "2011 Worldwide Pipeline Construction Report," published in January 2011.

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Emergency Response

We believe that heavy-lift helicopters will be increasingly used in rescue missions and disaster relief operations for severe natural and man-made disasters (*e.g.*, the tsunami in Thailand in 2004, Hurricane Katrina in the U.S. in 2005, and earthquakes in Haiti, Chile, and China in 2010 and Japan in 2011). In the U.S. alone, the number of natural and man-made disasters declared by the Federal Emergency Management Agency increased from 45 in 2000 to 81 in 2010. Although it is impossible to predict the number of future disasters, the increasing frequency with which they are occurring in certain regions and the growing population globally is forcing numerous governments and affiliated agencies to evaluate improving response preparedness and increasing relief spending. As governments do so, we believe heavy-lift helicopters, because of their unique attributes and ability to operate when ground-based solutions are unavailable, will increasingly be called upon to help.

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 European Aviation Safety Agency in Europe. AeroStrategy, a specialist management consulting firm devoted to the aviation and aerospace sectors, estimated that the civil helicopter MRO market was approximately $5.0 billion in 2006, the most recent year for which information is available, with 50.0% dedicated to components, 20.0% dedicated to engines, 20.0% dedicated to modifications, and 10.0% dedicated to airframes. AeroStrategy predicts that this market will grow to $6.8 billion in 2016, representing a compounded annual growth rate of 3.1%.

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

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

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

We certified our attachable fire tank system in 1992, providing the basis for our success in aerial firefighting. Initial overseas firefighting operations commenced in Australia in 1998, and the Aircrane has since maintained an annual presence with the Australian firefighting corps. Aircranes have also been used to fight fires in the U.S., Canada, Greece, France, Italy, Turkey, and South Korea. The performance of the helicopter allowed us to make our first Aircrane sale in 2002, when the South Korea Forest Service purchased four aircraft. A year later, we sold an additional four aircraft to the Italian Forest Service. All eight of those Aircranes were built and delivered between 2002 and 2007. We sold an Aircrane to our first commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated).

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

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BUSINESS

Overview

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

We own and operate a fleet of 17 Aircranes, which we use to support a wide variety of government and commercial customers worldwide across a broad range of aerial services, including firefighting, timber harvesting, infrastructure construction, and crewing. We refer to this segment of our business as Aerial Services. We also manufacture Aircranes and related components for sale to government and commercial customers and provide aftermarket support and maintenance, repair, and overhaul services for the Aircrane and other aircraft. We refer to this segment of our business as Manufacturing / MRO. As part of our Manufacturing / MRO segment, we also offer CPH contracts pursuant to which we provide components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. We believe CPH contracts help our customers better predict and manage their maintenance costs. In 2010, our Aerial Services and Manufacturing / MRO segments generated revenues of $105.7 million and $12.5 million, respectively, and in 2011, our Aerial Services and Manufacturing / MRO segments generated revenues of $138.6 million and $14.1 million, respectively. In 2010, we had a net loss attributable to Erickson Air-Crane of $8.3 million, and in 2011, we had net income attributable to Erickson Air-Crane of $15.9 million.

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

We have manufactured 33 Aircranes for our own fleet and for our customers in several countries worldwide. To date, we have sold and delivered nine Aircranes, including our first sale to a commercial customer in 2009 (subject to the purchaser's right to resell the aircraft to us on July 31, 2013, which was an important term to the purchaser when the sale agreement was negotiated).

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

We target long-term contract opportunities and had a total backlog of $212.8 million as of February 29, 2012, of which $128.0 million was from signed contracts and $84.8 million was from anticipated exercises of customer extension options (including $54.3 million from multi-year annual customer extension options). We had a total backlog of $298.9 million as of February 28, 2011, of which $176.4 million was from signed contracts and $122.5 million was from anticipated exercises of customer extension options (including $22.6 million from multi-year annual customer extension options). No sales of Aircranes were associated with our backlog as of February 29, 2012 or February 28, 2011. We define long-term contracts as contracts of six months or more, to distinguish them from our contracts related to a specific task for a customer, which are generally short-term engagements. We include anticipated exercises of customer extension options in our backlog when our prior operating history, including past exercises of extension options by such customers and the other circumstances specific to the particular contract, causes us to conclude that the exercise of such extension option is likely. We expect that approximately $123.8 million of the backlog will not be filled in 2012. See " Our Competitive Strengths Valuable Long-Term Customer Relationships and Contracts" for a description of some of our long-term customer relationships. See " Backlog" for a discussion of how we define and calculate backlog. There is no guarantee, however, that any customer will exercise its extension options or that any contracts will be renewed or extended. See "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized."

Our Aerial Services operations are seasonal and tend to peak in June through October and tend to be at a low point in January through April. As a result of this seasonality, we have historically generated higher revenue in our third quarter as compared to other quarters, and received the majority of our cash in the second half of the calendar year, although we often have unabsorbed costs in the fourth quarter which could lead to negative reported gross profit in the third and fourth quarters. We had cash used in operations of $8.4 million for the year ended December 31, 2010 and $20.7 million for the year ended December 31, 2011. Cash used in operations included an increase in inventory and work in process of approximately $26.7 million and $25.7 million for the years ended December 31, 2010 and 2011, respectively. A significant portion of this increase was attributable to the manufacture of two Aircranes during 2010 and 2011 that are currently held in inventory. We expect to have a significant decrease in the amount of cash used for inventory in 2012 as compared to the amounts used in 2010 and 2011 and, to a lesser extent, savings resulting from our reduction-in-force in November 2011. As a result, we believe that our cash flows from operations, together with cash on hand and the availability of our revolving credit facility, will provide us with sufficient liquidity to operate our business for the foreseeable future.

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

Our Competitive Strengths

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

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

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

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Established International Presence. During our history, we have operated in 18 countries across five continents. Global operations allow us to maximize the use of our fleet for seasonal aerial services and position us to capitalize on opportunities in a broad range of geographies. We currently maintain a year-round international presence in Canada, Italy, Malaysia and Peru, and an operating presence in Australia and Greece. Our global reach and our efficient management structure enable us to provide high-quality, reliable services with high levels of operational availability to our customers. In addition, our geographically distributed fleet minimizes our mobilization costs and the response times in meeting our customers' service requirements. Revenues from external customers by geographic area for the last three fiscal years are provided in Note 11 to our consolidated financial statements included in this prospectus. Global operations expose us to risks, such as currency fluctuations, different regulatory and legal environments, and risks of financial, political, and other instability related to the countries in which we operate. See "Risk Factors Risks Related to Our Business Our business is subject to risks associated with international operations, including operations in emerging markets."

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

Valuable Long-Term Customer Relationships and Contracts. We believe that our established relationships with customers, some of whom have been customers for more than 20 years, allow us to effectively compete for and win new projects and contract renewals. Our long-term relationships help provide us with visibility with respect to our revenue, aircraft utilization, and scheduled usage patterns. We increased our backlog as of February 29, 2012 by $179.8 million to $212.8 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We had $298.9 million of backlog at February 28, 2011. No sales of Aircranes were associated with our backlog as of February 29, 2012 or February 28, 2011. We derived approximately 76% of our 2010 revenues and approximately 83% of our 2011 revenues from long-term contracts. We define a long-term contract to be a contract with a duration of six months or more. See "Business Backlog" for a discussion of how we define and calculate backlog. While our contracts with our largest customers have a term of six months or more, they may be subject to annual renewals or customer extension options, and there is no guarantee that such contracts will be renewed or extended. See "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized."

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

Our Strategy

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

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

- *Firefighting.* We intend to opportunistically enter European, Asian, and South American countries that have significant fire seasons. We expect the seasonal differences between these countries and

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those we currently serve will provide us with the opportunity to increase our global fleet utilization and provide more scale in each of our key target regions.

Timber harvesting. We intend to opportunistically enter new markets in South America and Asia where abundant high-value timber resources present significant growth potential for our heavy-lift solutions. In addition, we expect to continue to capitalize on the growing desire for sustainable timber harvesting practices, as we have done in North America and Malaysia. Specifically, we have been able to secure Aerial Services contracts in the United States, Canada, and Malaysia supporting customers who do not clear cut timber (which allows for easier access by road) and instead use sustainable timber harvesting practices that require extraction of heavy timber loads from sites that may not be accessible by ground transportation.

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

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

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

Increase Our Aircrane Sales. We have not sold an Aircrane since 2009, but have manufactured two Aircranes that are ready for sale, one of which is complete and one of which is substantially complete. These two Aircranes are held in inventory and are not part of our fleet of 17 Aircranes that we operate for our customers. We intend to increase sales of the Aircrane to existing and new customers. In addition to generating profits upon sale, we expect an increase in the installed base of Aircranes to augment demand for our crewing services, OEM components, and MRO and other aftermarket services. We have established a sales team that is focused on expanding Aircrane sales and has significantly increased our sales pipeline activities. However, potential sales of Aircranes are subject to considerable uncertainties. For example, in September 2010, we entered into an aircraft purchase agreement for the purchase of one Aircrane with Aliar Aircrane Services Especializados Ltda that was subject to a purchaser financing condition. No payments were made by the purchaser and the agreement terminated. In December 2010, we entered into a non-binding memorandum of understanding with Wan Yu Industries Groups, Limited for the purchase of five Aircranes that was subject to a condition that the customer pay a non-refundable deposit by the end of January 2011. The deposit with respect to such potential Aircrane sales was not received and therefore the arrangement terminated. On August 1, 2011, we entered into an Aircraft Lease and Purchase Option Agreement with HRT, a subsidiary of a Brazilian oil and gas exploration company. HRT declined to exercise its option to purchase the Aircrane pursuant to such agreement and the lease expired on January 15, 2012. The failure of HRT to exercise its purchase option and the failure by us to otherwise sell an Aircrane increases the risk that we may fail to comply with the financial covenants under our Credit Agreement in 2012. See "Risk Factors Risks Related to Our Business Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business." In February 2012, we entered into a non-binding letter of intent with THK, pursuant to which THK expressed its intent to purchase one Aircrane on or prior to June 30, 2012. The terms of the binding purchase agreement remain subject to ongoing negotiations between us and THK, and we do not know when such negotiations will conclude. There can be no assurance that THK will purchase an Aircrane. See "Prospectus Summary Recent Developments." In addition, a sale of one of the 17 Aircranes that is part of our fleet would reduce the number of Aircranes available to provide Aerial Services. If we consummate such a sale, we may not always

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have the ability to maintain our desired level of Aerial Services operations with a reduced fleet, and our results of operations could be adversely affected. See "Risk Factors Risks Related to Our Business Our Aerial Services revenues depend on the availability and size of our Aircrane fleet."

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

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

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

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

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

Changes to Our Company Since Our 2007 Acquisition

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

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

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

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and systems have been made in our sales and marketing and finance groups. We have implemented a new ERP that integrates our financial and manufacturing processes.

Focus on Long-Term Relationships and Contracts. We have focused on building a diverse range of long-term relationships and obtaining long-term contracts. We have increased our backlog as of February 29, 2012 by $179.8 million to $212.8 million compared to September 26, 2007, the date of the acquisition of the Company by a group of private equity investors. We had $298.9 million of backlog at February 28, 2011. We derived approximately 76% of our 2010 revenues and approximately 83% of our 2011 revenues from long-term contracts. We define a long-term contract to be a contract with a duration of six months or more. See "Business Backlog" for discussion of how we define and calculate backlog. See also "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized."

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

Increased Effort to Expand Aircrane Sales. Our sales group is dedicated to expanding Aircrane sales, and has significantly increased our sales pipeline activities. We may enter into agreements providing options to potential customers on future aircraft deliveries, which options only become binding obligations on us if non-refundable deposits are paid. The options allow us to engage potential customers in the sale process. However, there is no assurance that any options will be exercised or any conditional sales will be completed. See " Our Strategy Increase our Aircrane Sales" and "Risk Factors Risks Related to Our Business Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement."

Oil and Gas Pipeline Construction. We have begun penetrating the oil and gas pipeline construction services market. We have recently entered into a three-year services contract with Repsol Exploración Perú S.A. ("Repsol"), a Peruvian subsidiary of a Spanish oil and gas exploration company that is developing natural gas resources in Peru. See " Significant Customers."

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 meet or exceed all 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 our CEO. We operate under a fully implemented Safety Management System, which meets or exceeds current FAA requirements. We received AS9100 Certification in May 2009, and in March 2011, we successfully completed our annual AS9100 audit with no major findings. In 2011, we also received our third consecutive year of Safety and Health Achievement Recognition Program ("SHARP") accreditation. In February 2012, we successfully completed an in-depth FAA/Flight Standards District Offices audit of our repair station resulting in zero findings and added to our staff an accredited International Standards for Business Aircraft Operations ("IS-BAO") auditor. We anticipate that we will become IS-BAO certified this year.

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

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

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Products and Services

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

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

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

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

Accessory	Market	Description
Fire Tank and Pond Snorkel	Firefighting	2,650 gallon tank that drops water, retardant, or foam mix; includes a water-collecting snorkel that refills the tank with fresh water in less than 45 seconds
Fire Tank and Sea Snorkel	Firefighting	2,650 gallon tank with anti-sea spray device, enabling in-flight seawater refill in less than 45 seconds while minimizing the damaging effects of seawater spray from stationary refilling
Foam Cannon	Firefighting	Water, foam, and fire retardant dispenser that forces a stream of retardant at 300 gallons per minute with a coverage range of 200 feet.

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Accessory	Market	Description
Hydromulch Loading Manifold	Post-Firefighting	Dispenser of mulch and other regenerative materials for post-fire management, promoting regrowth and reducing post-fire erosion
"Heli Harvester"	Timber Harvesting	Self-seating harvester that allows timber harvesting operations with no ground crew required during helicopter operations
Hydraulic Grapple	Timber Harvesting and Infrastructure Construction	Exerts over 42,000 pounds of pressure to secure timber as it is harvested in an ecologically friendly manner; supports debris removal
Long-Line Shock and Pendant	Timber Harvesting and Infrastructure Construction	Shock-absorbing aircraft attachment for hydraulic grapple that absorbs load variances, facilitating smoother flying and increased aircraft longevity
Anti-Rotation Device and Hoist	Infrastructure Construction	Prevents load rotation and enables precise load placement
Material Transport Bucket	Infrastructure Construction	Allows for the transportation and precision delivery of various materials to a particular location

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

Aerial Services

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

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

Aerial services accounted for 91% of our consolidated revenues in 2011 (53% firefighting, 23% timber harvesting, 10% construction, and 14% crewing), 89% in 2010 (52% firefighting, 28% timber harvesting, 5% construction, and 15% crewing), and 76% in 2009 (66% firefighting, 21% timber harvesting, 6% construction, and 7% crewing). Our aerial services are seasonal, but our global operations help us mitigate the effects of seasonality; for example, the firefighting season in the U.S. typically runs from May to October and in Australia it typically runs from October to February.

Periodically, Aircranes are removed from service and undergo heavy maintenance activities, including inspections and repairs of the airframe and related parts as required. The actual time between heavy maintenance depends on many factors, including hours of operation and kind of use. We perform the heavy maintenance procedures at our Central Point facilities. Heavy maintenance requires several months to complete during which time the Aircrane is not available to provide Aerial Services. We attempt to schedule heavy maintenance so that no more than one Aircrane is out of service undergoing heavy maintenance at any time.

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

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

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

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

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

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

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

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

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

Through our Manufacturing / MRO segment we manufacture Aircranes from existing airframes, manufacture new components on a contract basis, and provide customers with FAA- and European Aviation Safety Agency-certified MRO services in our AS9100-certified facility. The MRO process includes the disassembly, cleaning, inspection, repair, and reassembly of airframes, engines, components, and accessories, as well as the testing of complete engines and components. We perform major maintenance, repair, and overhaul on our own Aircranes, and we continue to provide parts and major maintenance and overhaul services to each aircraft we have sold. We also offer CPH contracts in which we provide all parts and service for a customer's aircraft at a fixed hourly rate, increasing our customers' ability to predict and manage their maintenance costs. Our Manufacturing / MRO segment accounted for 9.3% and 10.6% of our 2011 and 2010 consolidated revenue, respectively.

We have manufactured a total of 33 Aircranes for our own use and for sale to customers, and have sold one for domestic construction operations and eight for international firefighting operations. The sale of an Aircrane to an existing or potential Aerial Services customer may reduce future Aerial Services revenues

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we may have received for services provided to such customer. Although we expect in the future to manufacture Aircranes only after entering into a binding sales agreement, we have substantially manufactured two Aircranes that we currently hold for sale. In years when aircraft sales occur, they typically account for more than 10% of our consolidated revenues. We also build and manufacture Aircranes for our own use as dictated by customer demand and currently own, operate, and maintain 17 Aircranes. All of our aircraft are built in-house at our facility in Central Point, Oregon, enabling us to manufacture an Aircrane to new specifications in approximately six to fourteen months depending on specifications and lead times. As the owner of the S-64 Type and Production Certificates, we also have the exclusive authority and ability to manufacture an Aircrane entirely from new parts. We believe our manufacturing operations are scalable. We recently reduced manufacturing capacity in our November 2011 reduction-in-force, and if we experience significantly increased customer demand for our Aircranes, we anticipate being able to meet such demand by rapidly expanding our manufacturing capacity and related resources. However, such expansion may require us to incur significant financial costs.

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

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

Research and Development

Our research and development efforts have been critical to our success, and we dedicate significant resources to improving our aircraft's performance and developing new applications and products. We spent approximately $4.8 million, $6.4 million, and $6.9 million on research and development in 2011, 2010, and 2009, respectively. We have recently completed several new product applications and aircraft accessories and have others under development, including the following:

- A redesigned Automated Flight Control System that significantly improves system performance and reliability and reduces maintenance costs, certified by the FAA in 2010.
- Night vision cockpit instrumentation, certified by the FAA in 2010.
- Composite main rotor blades, with respect to which the detailed design is complete and manufacturing tooling is fabricated, and prototype blades have been fabricated.
- A universal multi-purpose container for the transportation of cargo, a prototype of which has been tested and proven, and with respect to which variations are in development for medical facilities and portable command centers.

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

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Backlog

Backlog represents the amount of revenue that we expect to derive from signed contracts, including oral contracts that have been subsequently memorialized in writing, or customer extension options. Our backlog consists of contracts with a duration of six months or more. For contracts that include both a daily and an hourly rate component, only the daily component of revenue is included in backlog and an estimate of the expected hourly revenue is not included. For contracts that include a guaranteed number of hours, the value of the guaranteed hours is included in backlog. For CPH contracts, which depend on hours flown by our customers, we calculate the contribution to backlog based on contracted minimum hours. When a binding aircraft sale contract has been signed with a customer, the purchase price of the aircraft not included in current revenues is included in backlog. When we sign a contract giving a potential purchaser an option to purchase an aircraft which only becomes binding on a non-refundable payment of a material option fee, we do not include the purchase price of the aircraft in backlog until the non-refundable payment has been made and the contract is a binding purchase contract.

We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the cubic meters of high grade timber we expect to deliver under the contract based on our experience. As of February 29, 2012, $4.0 million of our backlog was attributable to our estimate of the cubic meters of timber we expect to deliver under timber harvesting contracts. Our backlog as of February 28, 2011 included $140.6 million attributable to our estimate of the cubic meters of timber we expected to deliver under timber harvesting contracts.

A substantial portion of our backlog is related to anticipated exercises of customer extension options. See "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized." We anticipate customer extension options based on our prior operating history and experience with these customers. There is no guarantee, however, that these extension options will be exercised. As of February 29, 2012, none of our backlog was attributable to the anticipated confirmation of extension options in connection with our contract with the Hellenic Fire Brigade. As of February 28, 2011, $25.4 million of our backlog was attributable to the anticipated confirmation of extension options in connection with our contract with the Hellenic Fire Brigade.

Our backlog as of February 29, 2012 was $212.8 million, of which $128.0 million was attributable to signed contracts and $84.8 million was attributable to anticipated exercises of customer extension options (including $54.3 million from multi-year annual customer extension options). We had total backlog of $298.9 million as of February 28, 2011, of which $176.4 million was from signed contracts and $122.5 million was from anticipated exercises of customer extension options (including $22.6 million from multi-year annual customer extension options). This decrease in total backlog was primarily the result of (1) the restructuring of our contractual relationship with Asiatic Lumber Industries from a multi-year contract to a year-to-year contractual relationship, (2) general consumption of backlog through our performance of Aerial Services and collection of revenue under existing contracts that were previously categorized as contract backlog, and (3) the removal of backlog attributable to customer extension options with the Hellenic Fire Brigade. These decreases were partially offset by increases in backlog resulting from new contract signings during the 12 months prior to February 29, 2012. $18.4 million of our backlog as of February 29, 2012 and $22.7 million of our backlog as of February 28, 2011 was attributable to our Manufacturing / MRO segment. No sales of Aircranes were associated with our backlog as of February 29, 2012 or February 28, 2011.

Sales and Marketing

Sales and marketing assignments are allocated based on geography to regional managers who are responsible for generating qualified sales leads. Once a potential customer is qualified, the managers are supported by segment managers who provide subject matter expertise on our various products and services. We have retained consultants to assist us with new government contracting opportunities in the

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U.S. We also retain independent representatives in specific countries on a commission basis. Our independent representatives operate under contracts in which they pledge to act in full compliance with the Foreign Corrupt Practices Act and other applicable legislation.

As a part of our sales effort, we may enter into agreements providing potential customers with an option to purchase an aircraft from future production. Such agreements can be structured as a purchase agreement which is not binding until a non-refundable deposit is paid. On payment of the negotiated option payment or non-refundable deposit, and on occasion negotiation of a more specific purchase agreement, the agreement becomes binding. Such agreements allow us to engage potential customers without committing the customer. No income is recognized on such agreements until the non-refundable payment is made and a binding purchase commitment exists. See "Risk Factors Risks Related to Our Business Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement."

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

Significant Customers

Both the U.S. Forest Service and the Italian Ministry of Civil Protection accounted for 10% or more of our total net revenues in 2011, and we have existing contracts with each of these customers. We believe that we have good relationships with the U.S. Forest Service and the Italian Ministry of Civil Protection.

The table below sets forth all customers that accounted for at least 10% of our total net revenues in 2009, 2010, or 2011:

	Year Ended December 31, 2009	**Year Ended December 31, 2010**	**Year Ended December 31, 2011**
U.S. Forest Service	16.6%	24.4%	27.2%
Italian Ministry of Civil Protection	13.6%	13.8%	15.9%
Hellenic Fire Brigade	10.5%	11.0%	8.4%
Samling Global	5.1%	12.3%	7.0%
	45.8%	61.5%	58.5%

In December 2011, the U.S. Department of Agriculture awarded us a National Exclusive Use Large Fire Support Helicopter Services contract with the U.S. Forest Service. The contract has a one-year term with a customer option for three one-year extensions. The contract comprises seven awards for a total contract award of approximately $24.0 million annually. The agreement with the U.S. Forest Service represents a material portion of our backlog. See "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized."

In June 2010, we entered into an agreement to provide firefighting services for the Hellenic Fire Brigade, which agreement calls for annual confirmation notices. On January 31, 2012, the Hellenic Fire Brigade notified us that it would not exercise its option to extend our existing contract for the 2012 fire season, which contract relates to the use of three Aircranes during the summer of 2012. The Hellenic Fire Brigade has not notified us whether it intends to exercise its option for the 2013 fire season. As a result of

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these developments, we are not currently providing services to the Hellenic Fire Brigade and our backlog has been reduced by approximately $25.4 million relating to services we had expected to provide to the Hellenic Fire Brigade in 2012 and 2013. See "Business Backlog" for a discussion of how we define and calculate backlog. We did not receive any advance payments under this contract for 2012.

Our agents and representatives in Greece have informed us that the Hellenic Fire Brigade has cancelled or not exercised its extension options in respect of all of its firefighting contracts for 2012 with us and all other aerial service providers. NAMSA has posted on its website a request for proposal for Greek aerial firefighting services for the 2012 to 2014 firefighting seasons. We have registered as a NAMSA supplier and we expect to provide a response by late April to the request for proposal to compete for the requested aerial firefighting services to be provided by three heavy-lift helicopters in Greece for 2012 through 2014. The aircraft specifications for the requested services are similar to those relating to the previous tender by the Hellenic Fire Brigade in 2010 that we successfully won. The Hellenic Fire Brigade has been a continuous customer of ours for more than ten years through several successful re-tendering processes. There is no guarantee that our bid will be successful or that we will be able to satisfy tender specifications. If a Greek contract is awarded to us, there is no guarantee that our revenues and profit margins thereunder will be similar to those that we have received in connection with past contracts with the Hellenic Fire Brigade. If a Greek contract is not awarded to us and we are unable to redeploy the three Aircranes we have historically used to provide services in Greece in order to generate comparable revenues and operating earnings, we may fail to comply with the financial covenants under our Credit Agreement in 2012. See "Risk Factors Risks Related to Our Business Cancellations, reductions or delays in customer orders, delays in delivery of Aircranes, or customer breaches of purchase agreements may adversely affect our results of operations and our ability to comply with covenants under our Credit Agreement."

In October 2011, we entered into a three-year helicopter services agreement with Repsol, a Peruvian subsidiary of a Spanish oil and gas company. Under the terms of the agreement, we are providing helicopter services to Repsol in connection with Repsol's construction of a natural gas pipeline in Peru. The agreement with Repsol represents a material portion of our total backlog. See "Risk Factors Risks Related to Our Business Some of our backlog may be deferred or may not be realized." The total amount we expect to be paid pursuant to this agreement is approximately $30.0 million.

In February 2012, our Malaysian subsidiary, Erickson Aircrane Malaysia Sdn. Bhd., entered into an amendment to our existing logging contract with Samling Global to extend the contract term to January 31, 2013. Pursuant to the amended contract, we began providing aerial timber harvesting services in Malaysia on February 1, 2012 to Samling Global. The total amount we expect to be paid pursuant to this agreement is approximately $11.2 million.

Intellectual Property

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

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

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

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

Insurance and Risk Management

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

Competition

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

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

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

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

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

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

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

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

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

Facilities

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

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

Employees and Training

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

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

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

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

Regulation

All aspects of our business are heavily regulated under federal, state, local, and foreign laws and regulations. These laws and regulations may require us to maintain and comply with a wide variety of