DAVITA HEALTHCARE PARTNERS INC.
Form PRE 14A
April 29, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

DAVITA HEALTHCARE PARTNERS INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT
SUBJECT TO COMPLETION
DATED APRIL 29, 2016

May [ ], 2016

Dear Fellow Stockholder:

We are pleased to invite you to attend the DaVita HealthCare Partners Inc. annual meeting of stockholders. The annual meeting will be held on Monday, June 20, 2016, at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc., 2000 16th Street, Denver, Colorado 80202. The attached Notice of Annual Meeting and Proxy Statement will serve as your guide to the business to be conducted at the meeting.

Among other items, the Proxy Statement includes information about the qualifications of our director nominees and the compensation of our executive officers that is relevant to matters that will be presented at the annual meeting. During the meeting, we will also report to you on the Company and provide an opportunity for stockholders to engage in a dialogue with management.

We hope that you will participate in the annual meeting, either by attending and voting in person or voting by other available methods as promptly as possible. Voting by any of the available methods will ensure that you are represented at the annual meeting, even if you are not present. You may vote your proxy via the Internet, by telephone, or by mail. Please follow the instructions on the Notice of Internet Availability of Proxy Materials that you receive in the mail and/or your proxy card.

Your vote is very important to us and to our business. Please take the first opportunity to ensure that your shares are represented at the annual meeting.

Thank you very much for your continued interest in our business.

Sincerely,

Kent J. Thiry
Chairman of the Board,
Chief Executive Officer
DaVita HealthCare Partners Inc., and
Chief Executive Officer, HealthCare Partners

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Monday, June 20, 2016

5:30 p.m., Mountain Time

DaVita HealthCare Partners Inc.
2000 16th Street
Denver, Colorado 80202

The 2016 annual meeting of the stockholders of DaVita HealthCare Partners Inc., a Delaware corporation, will be held on Monday, June 20, 2016 at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc., 2000 16th Street, Denver, Colorado 80202, for the following purposes, which are further described in the accompanying Proxy Statement:

To vote upon the election of the ten director nominees identified in the attached Proxy Statement to the Board of Directors to serve until the 2017 annual meeting of stockholders of the Company or until their successors are duly elected and qualified;

To ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016;

To hold an advisory vote to approve executive compensation;

To adopt and approve proposed amendments to our Amended and Restated Bylaws to adopt proxy access;

To adopt and approve an amendment to increase the number of shares available under our Employee Stock Purchase Plan by 7,500,000 shares;

To consider and vote upon a stockholder proposal regarding action by written consent, if properly presented at the annual meeting; and

To transact such other business as may properly come before the annual meeting or any adjournment thereof.

We will mail, on or about May [   ], 2016, a Notice of Internet Availability of Proxy Materials to stockholders of record and beneficial owners as of the close of business on April 22, 2016. On the date of mailing of the Notice of Internet Availability of Proxy Materials, the proxy materials will be accessible on a website referred to in the Notice of Internet Availability of Proxy Materials. These proxy materials will be available free of charge.

The Notice of Internet Availability of Proxy Materials will also identify the date, time, and location of the annual meeting; the matters to be acted upon at the annual meeting and the Board of Directors' recommendation with regard to each matter; a toll-free telephone number, an e-mail address, and a website where stockholders can request a paper or e-mail copy of the Proxy Statement, our Annual Report to Stockholders, and a form of proxy relating to the annual meeting; information on how to access the form of proxy over the Internet and how to vote over the Internet; and information on how to obtain directions to attend the annual meeting and vote in person. If you attend the annual meeting and previously used the telephone or Internet voting systems, or mailed your completed proxy card, you may vote in person at the meeting if you wish to change your vote in any way.

Please note that all votes cast via telephone or the Internet must be cast prior to 11:59 p.m., Eastern Time, on Sunday, June 19, 2016.

By order of the Board of Directors,

Martha Ha
Corporate Secretary
DaVita HealthCare Partners Inc.

May [ ], 2016

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General Information

We are delivering this Proxy Statement in connection with the solicitation of proxies by our Board of Directors (the "Board"), for use at our 2016 annual meeting of stockholders, which we will hold on Monday, June 20, 2016 at 5:30 p.m., Mountain Time, at DaVita HealthCare Partners Inc. (the "Company"), 2000 16th Street, Denver, Colorado 80202. The proxies will remain valid for use at any meetings held upon adjournment of that meeting. The record date for the annual meeting is the close of business on April 22, 2016. All holders of record of our common stock on the record date are entitled to notice of the annual meeting and to vote at the annual meeting and any meetings held upon adjournment of that meeting. Our principal executive offices are located at 2000 16th Street, Denver, Colorado, 80202, and our telephone number is (303) 405-2100. To obtain directions to our annual meeting, visit our website, located at *http://www.davita.com.*

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the "SEC"), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we are furnishing the proxy materials to our stockholders over the Internet, which include this Proxy Statement and the accompanying Notice of Meeting, Proxy Card, and Annual Report to Stockholders. Because you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials, unless you have previously made a permanent election to receive these materials in paper copy. Instead, the Notice of Internet Availability of Proxy Materials instructs you as to how you may access and review all of the important information contained in the proxy materials, and how you may submit your vote by proxy on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials. The Notice of Internet Availability of Proxy Materials will be first mailed on or about May [ ], 2016 to all stockholders of record as of April 22, 2016.

Whether or not you plan to attend the annual meeting in person, please vote by telephone, Internet, or request a

Proxy Card to complete, sign, date and return by mail to ensure that your shares will be voted at the annual meeting. You may revoke your proxy at any time prior to its use by filing with our secretary an instrument revoking it or a duly executed proxy bearing a later date or by attending the annual meeting and voting in person.

If you plan to attend the annual meeting in person, please so indicate when you submit your proxy by mail, by telephone or via the Internet and bring with you the items that are required pursuant to the Company's admission process for the 2016 Annual Meeting. A description of the admission process can be found below in this Proxy Statement under the heading "General Information Admission to Annual Meeting."

Unless you instruct otherwise in the proxy, any proxy that is given and not revoked will be voted at the annual meeting:

For the election of the ten director nominees identified in this proxy statement to serve until the 2017 annual meeting of stockholders of the Company or until their successors are duly elected and qualified;

For the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016;

For the approval, on an advisory basis, of executive compensation;

For the adoption and approval of the proposed amendments to our Amended and Restated Bylaws to adopt proxy access;

For the adoption and approval of an amendment to increase the number of shares available under our Employee Stock Purchase Plan by 7,500,000 shares;

Against the stockholder proposal regarding action by written consent, if properly presented at the annual meeting; and

As determined by the proxy holders named in the Proxy Card in their discretion, with regard to all other matters as may properly come before the annual meeting or any adjournment thereof.

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Voting Information

Our only voting securities are the outstanding shares of our common stock. At the record date, we had approximately 206,518,830 shares of common stock outstanding. Each stockholder is entitled to one vote per share on each matter that we will consider at this meeting. Stockholders are not entitled to cumulate votes. Under the rules of the New York Stock Exchange, your bank, broker, or other nominee may not vote your uninstructed shares in the election of directors and certain other matters on a discretionary basis. Accordingly, brokers holding shares of record for their customers generally are not entitled to vote on these matters unless their customers give them specific voting instructions. If the broker does not receive specific instructions, the broker will note this on the proxy form or otherwise advise us that it lacks voting authority. Thus, if you hold your shares in "street name," meaning that your shares are registered in the name of your bank,

broker, or other nominee, and you do not instruct your bank, broker, or other nominee how to vote, no votes will be cast on your behalf on any proposal other than the proposal for the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016. The votes that the brokers would have cast if their customers had given them specific instructions are commonly called "broker non-votes." If the stockholders of record present in person or represented by their proxies and entitled to vote at the annual meeting hold at least a majority of our shares of common stock outstanding as of the record date, a quorum will exist for the transaction of business at the annual meeting. Stockholders attending the annual meeting in person or represented by proxy at the annual meeting who abstain from voting and broker non-votes are counted as present for quorum purposes.

Votes Required for Proposals

Directors are elected by a majority of votes cast, which means that the number of shares voted "for" each of the ten nominees for election to the Board must exceed 50% of the number of votes cast with respect to each nominee's election. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the election of directors. In the event that the number of nominees exceeds the number of directors to be elected, which is a situation that we do not anticipate, directors will be elected by a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016, the approval of the proposal regarding the advisory vote on executive compensation, the approval of the proxy amendments to our Bylaws, the approval of the amendment to our Employee Stock Purchase Plan, and the stockholder proposal, if properly brought before

the annual meeting, each require the affirmative vote of a majority of the shares of common stock present at the annual meeting in person or by proxy and entitled to vote thereon. Because your vote on executive compensation and the stockholder proposal is advisory, the results of those votes will not be binding on the Company or the Board. However, the Board and any applicable Board committee will consider the voting results as appropriate when making future decisions regarding executive compensation and matters related to the subject of the stockholder proposal. Abstentions are considered present and entitled to vote with respect to each of these proposals and will, therefore, have the same effect as votes against these proposals. Except for the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016, broker non-votes will not be considered as present and entitled to vote on these proposals, and will therefore have no effect on the number of affirmative votes needed to approve these proposals.

Proxy Solicitation Costs

We will pay for the cost of preparing, assembling, printing and mailing of the Notice of Internet Availability of Proxy Materials, this Proxy Statement and the accompanying Notice of Meeting, Proxy Card, and Annual Report to Stockholders to our stockholders, as well as the cost of our solicitation of proxies relating to

the annual meeting. We may request banks and brokers to solicit their customers who beneficially own our common stock listed of record in names of nominees. We will reimburse these banks and brokers for their reasonable out-of-pocket expenses regarding these solicitations. We have also retained MacKenzie

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Partners, Inc. ("MacKenzie") to assist in the distribution and solicitation of proxies and to verify records related to the solicitation at a fee of $15,000 plus reimbursement for all reasonable out-of-pocket expenses incurred during the solicitation. MacKenzie and our officers, directors and employees may supplement the original solicitation by mail of proxies, by telephone,

facsimile, e-mail and personal solicitation. We will pay no additional compensation to our officers, directors and employees for these activities. We have agreed to indemnify MacKenzie against liabilities and expenses arising in connection with the proxy solicitation unless caused by MacKenzie's negligence or intentional misconduct.

Delivery of Proxy Statement and Annual Report

Beneficial owners, but not record holders, of our common stock who share a single address may receive only one copy of the Notice of Internet Availability of Proxy Materials and, as applicable, an Annual Report to Stockholders and Proxy Statement, unless their broker has received contrary instructions from any beneficial owner at that address. This practice, known as "householding," is designed to reduce printing and mailing costs. If any beneficial owner at such an address wishes to discontinue householding and receive a separate copy of the Notice of Internet Availability of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement, they should notify their broker. Beneficial owners sharing an address to which a single copy of the Notice of Internet Availability

of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement was delivered can also request prompt delivery of a separate copy of the Notice of Internet Availability of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement by contacting Investor Relations at the following address or phone number: Attn: Investor Relations, DaVita HealthCare Partners Inc., 2000 16th Street, Denver, Colorado 80202, (888) 484-7505. Additionally, stockholders who share the same address and receive multiple copies of the Notice of Internet Availability of Proxy Materials and, if applicable, an Annual Report to Stockholders and Proxy Statement, can request a single copy by contacting us at the address or phone number above.

Admission to Annual Meeting

Admission to the annual meeting will be limited to holders of the Company's common stock, family members accompanying holders of the Company's common stock, persons holding executed proxies from stockholders who held the Company's common stock as of the close of business on April 22, 2016 and such other persons as the chair of the annual meeting shall determine.

If you are a holder of the Company's common stock, you must bring certain documents with you in order to be admitted to the annual meeting and in order to bring family members with you. The purpose of this requirement is to help us verify that you are actually a holder of the Company's common stock. Please read the following procedures carefully, because they specify the documents that you must bring with you to the annual meeting in order to be admitted. The items that you must bring with you differ depending upon whether or not you were a record holder of the Company's common stock as of the close of business on April 22, 2016. A "record holder" of stock is someone whose shares of stock are registered in his or her name in the records of the Company's transfer agent. Many stockholders are not record holders because their shares of stock are held in "street name," meaning that the shares are registered in the name of their broker, bank or other nominee, and the broker, bank or other nominee is the record holder

instead. If you are unsure as to whether you were a record holder of the Company's common stock as of the close of business on April 22, 2016, please call the Company's transfer agent, Computershare, at (877) 889-2012.

If you were a record holder of the Company's common stock as of the close of business on April 22, 2016, then you must bring a valid personal photo identification (such as a driver's license or passport).

At the annual meeting, we will check your name for verification purposes against our list of record holders as of the close of business on April 22, 2016.

If a broker, bank or other nominee was the record holder of your shares of the Company's common stock as of the close of business on April 22, 2016, then you must bring:

- valid personal photo identification (such as a driver's license or passport); and
- proof that you owned shares of the Company's common stock as of the close of business on April 22, 2016.

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Examples of proof of ownership include the following: (i) an original or a copy of the voting instruction from your bank or broker with your name on it, (ii) a letter from your bank or broker stating that you owned the Company's common stock as of the close of business on April 22, 2016, or (iii) a brokerage account statement indicating that you owned the Company's common stock as of the close of business on April 22, 2016.

If you acquired your shares of the Company's common stock at any time after the close of business on April 22, 2016, you do not have the right to vote at the annual meeting, but you may attend the meeting if you bring with you:

- valid personal photo identification (such as a driver's license or passport); and
- proof that you own shares of the Company's common stock.

Examples of proof of ownership include the following:

- if a broker, bank or other nominee is the record holder of your shares of the Company's common stock: (i) a letter from your bank or broker stating that you acquired the Company's common stock after April 22, 2016, or (ii) a brokerage account statement as of a date after April 22, 2016 indicating that you own the Company's common stock; or
- if you are the record holder of your shares of the Company's common stock, a copy of your stock certificate or a confirmation acceptable to the Company that you bought the stock after April 22, 2016.

If you are a proxy holder for a stockholder of the Company who owned shares of the Company's common stock as of the close of business on April 22, 2016, then you must bring:

- the executed proxy naming you as the proxy holder, signed by a stockholder of the Company who owned shares of the Company's common stock as of the close of business on April 22, 2016;
- valid personal photo identification (such as a driver's license or passport); and
- if the stockholder whose proxy you hold was not a record holder of the Company's common stock as of the close of business on April 22, 2016, proof of the stockholder's ownership of shares of the Company's common stock as of the close of business on April 22, 2016, in the form of (i) an original or a copy of the voting instruction form from the stockholder's bank or broker with the stockholder's name on it, or (ii) a letter or statement from a bank, broker or other nominee indicating that the stockholder owned the Company's common stock as of the close of business on April 22, 2016.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted at the annual meeting. Shares may be voted in person at the annual meeting only by (a) the record holder as of the close of business on April 22, 2016 or (b) a person holding a valid proxy executed by such record holder.

Electronic Availability of Proxy Materials for the 2016 Annual Meeting

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on June 20, 2016. This Proxy Statement and the Annual

Report to Stockholders and Form 10-K for fiscal year 2015 are available electronically at *www.proxyvote.com.*

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Proposal 1 Election of Directors

At the annual meeting, you will elect ten directors to serve until the 2017 annual meeting of stockholders or until their respective successors are elected and qualified, subject to such director's earlier death, resignation, disqualification or removal.

Our bylaws require that each director be elected by the majority of votes cast with respect to such director in uncontested elections. In a contested election, where the number of nominees for director exceeds the number of directors to be elected, directors are elected by a plurality of shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. If a nominee for director who was in office prior to the election is not elected by a majority of votes cast, the director must promptly tender his or her resignation from the Board, and the Nominating and Governance Committee of the Board will make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action. The Board, excluding the director in question, will act on the recommendation of the Nominating and Governance Committee and publicly disclose its decision and its rationale within 90 days (or, if so extended by the Board in certain circumstances, within 180 days) from the date the election results are certified. If a nominee for director who was not already serving as a director does not receive a majority of votes cast in an uncontested election at the annual meeting, the nominee is not elected to the Board. All 2016 nominees are currently serving on the Board.

None of the nominees has any family relationship with any other nominee or with any of our executive officers and no arrangement or understanding exists between any nominee and any other person or persons pursuant

to which a nominee was or is to be selected as a director or nominee.

After a thorough evaluation and assessment, the Nominating and Governance Committee has recommended, and the Board has re-nominated, Pamela M. Arway, Charles G. Berg, Carol Anthony ("John") Davidson, Barbara J. Desoer, Paul J. Diaz, Peter T. Grauer, John M. Nehra, William L. Roper, Kent J. Thiry and Roger J. Valine for election as directors. Please see the section titled "Corporate Governance Selection of Directors" below for more information about the re-nomination process.

Nine of the ten nominees for director have been determined to be independent under the listing standards of the New York Stock Exchange ("NYSE"). Please see the section titled "Corporate Governance Director Independence" below for more information. Each nominee has consented to being named in this Proxy Statement as a nominee and has agreed to serve as a director if elected.

Unless the proxy indicates otherwise, the persons named as proxies in the accompanying proxy have advised us that at the annual meeting they intend to vote the shares covered by the proxies for the election of the nominees named above. If one or more of the nominees are unable or not willing to serve, the persons named as proxies may vote for the election of the substitute nominees that the Board may propose. The accompanying proxy contains a discretionary grant of authority with respect to this matter. The persons named as proxies may not vote for a greater number of persons than the number of nominees named above.

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Information Concerning Members of the Board Standing for Election

A biography of each nominee, current as of March 31, 2016, setting forth his or her age, and describing his or her business experience during the past five years, including other prior relevant business experience is presented below.

Pamela M. Arway, 62, has been one of our directors since May 2009. From 2005 to 2007, Ms. Arway served as the president of American Express International, Japan, Asia-Pacific, Australia region, a global payment services and travel company. Ms. Arway joined the American Express Company in 1987 after which she served in various capacities, including as chief executive officer of American Express Australia Limited from 2004 to 2005 and as executive vice president of Corporate Travel, North America from 2000 to 2004. Prior to her retirement in October 2008, she also served as advisor to the American Express Company's chairman and chief executive officer. Ms. Arway has also been a member of the board of the Hershey Company, a chocolate and confectionary company, since May 2010. She currently serves as the Chair of the Governance Committee and as a member of the Audit and Executive Committees of Hershey Company's board. She joined the board of Iron Mountain Incorporated, an enterprise information management services company, in March 2014 and serves as chair of its Compensation Committee. Ms. Arway brings significant leadership experience as a global executive, with extensive management experience in the areas of marketing, international business, finance and government affairs.

Charles G. Berg, 58, has been one of our directors since March 2007. Mr. Berg served as executive chairman and as a member of the board of directors of WellCare Health Plans, Inc. ("WellCare"), a provider of managed care services for government-sponsored healthcare programs from January 2008 to December 2010. Mr. Berg served as non-executive chairman of the board of directors of WellCare from January 2011 until his retirement in May 2013. From January 2007 to April 2009, Mr. Berg was a senior advisor to Welsh, Carson, Anderson & Stowe, a private equity firm. From April 1998 to July 2004, Mr. Berg held various executive positions with Oxford Health Plans, Inc. ("Oxford"), a health benefit plan provider, which included chief executive officer from November 2002 to July 2004 when Oxford was acquired by UnitedHealth Group, president and chief operating officer from March 2001 to November 2002 and executive vice president, medical delivery from April 1998 to March 2001. From July 2004 to September 2006, Mr. Berg served as an executive of UnitedHealth Group and was primarily responsible for integrating the Oxford business. Mr. Berg currently serves on the Operating Council of Consonance Capital Partners, a private equity firm, and the board of directors of Justworks, Inc., a private human resources and payment company. Mr. Berg is an experienced business leader with significant experience in the healthcare industry and brings an understanding of the operational, financial and regulatory aspects of our industry and business.

Carol Anthony ("John") Davidson, 60, has been one of our directors since December 2010. From January 2004 until his retirement in September 2012, Mr. Davidson served as the senior vice president, controller and chief accounting officer of Tyco International Ltd. ("Tyco"), a provider of diversified industrial products and services. Prior to joining Tyco in January 2004, he spent six years at Dell Inc., a computer and technology services company, where he held various leadership roles, including vice president, audit, risk and compliance, and vice president, corporate controller. In addition, he previously spent 16 years at Eastman Kodak Company, a provider of imaging technology products and services, in a variety of accounting and financial leadership roles. Mr. Davidson is a director of Pentair Plc., a provider of products and solutions in water, fluids, thermal management and equipment protection, Legg Mason Inc., a global asset management firm, and TE Connectivity Ltd., a technology company that was spun off by Tyco. From 2010 to 2015, Mr. Davidson was a member of the Board of Trustees of the Financial Accounting Foundation which oversees financial accounting and reporting standards setting processes for the United States. Mr. Davidson also serves on the Board of Governors of the Financial Industry Regulatory Authority. Mr. Davidson is a CPA with more than 30 years of leadership experience across multiple industries and brings a strong track record of building and leading global teams and implementing governance and controls processes.

Barbara J. Desoer, 63, has been one of our directors since October 2015. Ms. Desoer currently serves as the chief executive officer and a member of the board of directors of Citibank, N.A., a wholly owned subsidiary of Citigroup Inc. and a diversified global financial services company, since April 2014. Ms. Desoer previously served as the chief operating officer of Citibank, N.A. from October 2013 to April 2014. In addition to her chief executive officer responsibilities, Ms. Desoer leads Citigroup's comprehensive capital analysis and review process. Prior to Citibank, Ms. Desoer spent 35 years at Bank of America, a diversified global financial services company, most recently as president, Bank of America Home Loans, where she led the integration of Countrywide, the largest mortgage originator and servicer in the United States. In previous Bank of America roles, Ms. Desoer was a Global Technology & Operations executive, an international market-focused position leading teams in the United Kingdom, Asia and Latin America. She also served as president, Consumer Products. She serves on the board of visitors at the University of California at Berkeley. Ms. Desoer also has served on the board of directors of various non-profit and privately held corporations. Ms. Desoer is an experienced business leader with extensive management experience, and brings a deep understanding of regulated businesses.

Paul J. Diaz, 54, has been one of our directors since July 2007. Mr. Diaz serves as the executive vice chairman of Kindred Healthcare, Inc. ("Kindred"), a provider of long-term healthcare services in the United States, a position he has held since March 2015. Since August 2014, Mr. Diaz has served as a partner at Guidon Partners LP, an investment strategy partnership. He served as chief executive officer of Kindred from January 2004 to March 2015, as well as president from January 2002 to May 2012 and as chief operating officer from January 2002 to December 2003. Prior to joining Kindred, Mr. Diaz was the managing member of Falcon Capital Partners, LLC, a private investment and consulting firm, and from 1996 to July 1998, Mr. Diaz served in various executive capacities with Mariner Health Group, Inc., a health care facility operator, including as executive vice president and chief operating officer. Mr. Diaz serves on the boards of Kindred and Patterson Medical Holdings, Inc., a private medical supply distribution company, and the board of visitors of Georgetown University Law Center and previously served on the board of PharMerica Corporation. Mr. Diaz is an experienced business leader with significant experience in the healthcare industry and brings an understanding of the operational, financial and regulatory aspects of our industry and business.

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Peter T. Grauer, 70, has been one of our directors since August 1994 and our lead independent director since 2003. Mr. Grauer has been chairman of the board of Bloomberg, Inc., a business and financial information company, since April 2001, treasurer since March 2001 and was its chief executive officer from March 2002 until July 2011. Mr. Grauer has also served as a non-executive director of Glencore plc, a global mining and commodities firm listed on the London Stock Exchange, since June 2013. From November 2000 until March 2002, Mr. Grauer was a managing director of Credit Suisse First Boston, a financial services firm. From September 1992 until November 2000, upon the merger of Donaldson, Lufkin & Jenrette ("DLJ"), a financial services firm, into Credit Suisse First Boston, Mr. Grauer was a managing director and founding partner of DLJ Merchant Banking Partners. Mr. Grauer serves as a director of Blackstone Group, L.P., a publicly traded global investment and advisory firm. Mr. Grauer has significant experience as a business leader and brings a deep understanding of our business and industry through his over 20 years of service as a member of the Board.

John M. Nehra, 67, has been one of our directors since November 2000. From 1989 until his retirement in August 2014, Mr. Nehra was affiliated with New Enterprise Associates ("NEA"), a venture capital firm, including, from 1993 until his retirement, as general partner of several of its affiliated venture capital limited partnerships. Mr. Nehra also served as managing general partner of Catalyst Ventures, a venture capital firm, from 1989 to 2013. Mr. Nehra served on the boards of a number of NEA's portfolio companies until his retirement in August 2014 and remains a retired special partner of NEA. Mr. Nehra is an experienced business leader with approximately 44 years of experience in investment banking, research and capital markets and he brings a deep understanding of our business and industry through his nearly 15 years of service as a member of the Board as well as significant experience in the healthcare industry through his involvement with NEA's healthcare-related portfolio companies.

Dr. William L. Roper, 67, has been one of our directors since May 2001. Dr. Roper has been chief executive officer of the University of North Carolina ("UNC") Health Care System, dean of the UNC School of Medicine and vice chancellor for medical affairs of UNC since March 2004. Dr. Roper also continues to serve as a professor of health policy and administration in the UNC School of Public Health and a professor of pediatrics and of social medicine in the UNC School of Medicine. From 1997 until March 2004, he was dean of the UNC School of Public Health. Before joining UNC in 1997, Dr. Roper served as senior vice president of Prudential Health Care. He also served as director of the Centers for Disease Control and Prevention from 1990 to 1993, on the senior White House staff in 1989 and 1990 and as the administrator of Centers for Medicare & Medicaid Services from 1986 to 1989. Dr. Roper was a member of and is the immediate past chairman of the board of the National Quality Forum, a non-profit organization that aims to improve the quality of healthcare. From December 2007 to November 2011, Dr. Roper served on the board of Medco Health Solutions, Inc., a pharmacy benefits management company, and since November 2011 has served on the board of its successor company, Express Scripts Holding Company. Dr. Roper brings substantial expertise in the medical field, an in-depth understanding of the regulatory aspects of our business as well as clinical, financial and operational experience.

Kent J. Thiry, 60, has been our chairman of the Board since June 2015 and from October 1999 until November 2012, and our chief executive officer since October 1999. In October 2014, Mr. Thiry also became chief executive officer of our integrated care business, HealthCare Partners ("HCP"). From November 2012 until June 2015, Mr. Thiry served as our co-chairman of the Board. From June 1997 until he joined us in October 1999, Mr. Thiry was chairman of the board and chief executive officer of Vivra Holdings, Inc., which was formed to operate the non-dialysis business of Vivra Incorporated ("Vivra") after Gambro AB acquired the dialysis services business of Vivra in June 1997. From September 1992 to June 1997, Mr. Thiry was the president and chief executive officer of Vivra, a provider of renal dialysis and other healthcare services. From April 1992 to August 1992, Mr. Thiry was president and co-chief executive officer of Vivra, and from September 1991 to March 1992, he was president and chief operating officer of Vivra. From 1983 to 1991, Mr. Thiry was associated with Bain & Company, first as a consultant, and then as vice president. Mr. Thiry previously served on the board of Varian Medical Systems, Inc. from August 2005 to February 2009 and served as the non-executive chairman of Oxford Health Plans, Inc. until it was sold to UnitedHealth Group in July 2004. As a member of management, Mr. Thiry provides significant healthcare industry experience and unique expertise regarding the Company's business and operations as well as executive leadership and management experience.

Roger J. Valine, 67, has been one of our directors since June 2006. From January 1992 to his retirement in June 2006, Mr. Valine served as both the president and chief executive officer of Vision Service Plan ("VSP"), the nation's largest provider of eyecare wellness benefits. Upon his retirement, Mr. Valine had worked for VSP for 33 years and provided consulting services to VSP through December 2008. Mr. Valine previously served on the boards of American Specialty Health Incorporated and SureWest Communications. Mr. Valine is an experienced business leader with significant experience in the healthcare industry and brings an understanding of the operational, financial and regulatory aspects of our business as well as extensive management experience.

The Board recommends a vote FOR the election of each of the named nominees as directors.

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The general governance framework for the Company is provided by its bylaws, corporate governance guidelines, the charters for each of the Board's committees, the corporate governance code of ethics and corporate code of conduct. These governance documents are available under the Corporate

Governance section of our website, located at *http://www.davita.com/about/corporate-governance*. The Board adopted the corporate governance guidelines to assist the Board and its committees in performing their duties and serving the best interests of the Company and our stockholders.

Selection of Directors

In making recommendation to the Board, the Nominating and Governance Committee considers a number of factors and assesses the overall mix of qualifications, individual characteristics, experience level, and diverse perspectives and skills that are most beneficial to our Company. The committee also considers the mix of different tenures of the directors, taking into account the benefits of directors with longer tenures, including greater board stability and continuity of organizational knowledge, and the benefits of directors with shorter tenures, and takes steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to re-examine the status quo. In connection with the re-nomination of current directors, it is the committee's responsibility to determine in each case whether re-nomination is appropriate. The committee assesses each director's performance and contributions to the Board, as well as his or her skills, experience and qualifications, including the continued value to the Company in light of current and future needs, including whether the Company's needs for the director's experience and background have changed. If the incumbent director has not performed or contributed in a meaningful way, the committee should consider whether re-nomination is

appropriate in light of any other relevant facts and circumstances. Another integral part of this process is the individual director evaluations by the Board members. The Company does not have a specific diversity policy. However, as noted in our corporate governance guidelines, when selecting nominees the committee considers diversity of skills, experience, perspective and background. The Nominating and Governance Committee will consider nominees for director recommended by stockholders upon submission in writing to our Corporate Secretary of the names and qualifications of such nominees at the following address, within the timeframe and subject to the other requirements set forth in our bylaws: Corporate Secretary, DaVita HealthCare Partners Inc., 2000 16th Street, Denver, Colorado 80202. The committee will evaluate candidates based on the same criteria regardless of whether the candidate was recommended by the Company or a stockholder.

In March 2016, the Nominating and Governance Committee recommended the candidates standing for election at the 2016 annual meeting of stockholders.

Director Independence

Under the listing standards of the NYSE, a majority of the members of the Board must satisfy the NYSE criteria for "independence." No director qualifies as independent under the NYSE listing standards unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). In addition, the Board has adopted a formal set of standards used to determine director independence. The full text of our director independence standards is available under the Corporate Governance section of our website, located at *http://www.davita.com/about/corporate-governance*.

The Board evaluates the independence of our directors annually and will review the independence of individual directors on an interim basis to consider changes in employment, relationships and other factors. The Board has determined that all of the individuals currently serving, or who served at any time during 2015, as members of the Board, other than Mr. Thiry, are independent under the NYSE listing standards and the Company's independence standards. In evaluating each director's independence, the Board considered the nature of any executive officer's personal investment interest in director affiliated entities (active or passive), the level of involvement by the director or executive officer as a partner in any such director affiliated entities, any special arrangements between the

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parties which would lead to a personal benefit, any personal benefits derived as a result of business relationships with the Company, any other personal benefit derived by any director or executive officer as a result of the disclosed relationships or any other relevant factors.

In assessing director independence, the Board considered investments made in the past by some Board members and executive officers of the Company in certain funds of a venture capital firm of which Mr. Nehra is a retired special partner or that are managed directly or indirectly by the firm of which Mr. Nehra is a retired special partner. The Board also considered transactions in which WellCare has made payments to us for services rendered in the ordinary course of business in the last three years which did not exceed the greater of $1 million or 2% of WellCare's consolidated gross revenue in each such year. Mr. Berg was a director and non-executive chairman of WellCare until May 2013 and holds less than a 10% beneficial interest in WellCare. The Board also considered the $465,000 of additional fees in the aggregate paid to Mr. Berg in his role as a member of the Board's Compliance Committee in 2013 and 2014, in overseeing the 2010 U.S. Attorney physician relationship investigation and the 2011 U.S. Attorney physician relationship investigation ("PRI"), at the request of the Board, as well as the $59,000 additional fees paid to Mr. Berg in 2015 in his role as the chairman of the Board's Compliance Committee, in overseeing matters related to the subpoenas received by HCP and the five-year Corporate Integrity Agreement

entered into between the Company and the United States Department of Health and Human Services, Office of Inspector General, in connection with the resolution of PRI (the "Corporate Integrity Agreement"). In addition, the Board considered the transactions in which Kindred has made payments to us for services rendered in the ordinary course of business in the last three years which did not exceed the greater of $1 million or 2% of Kindred's consolidated gross revenue in each such year. Mr. Diaz is Kindred's executive vice chairman and director, and has less than a 10% beneficial interest in Kindred.

The Board maintains a policy whereby the Board will evaluate the appropriateness of the director's continued service on the Board in the event that the director retires from his or her principal job, changes his or her principal job responsibility or experiences a significant event that could negatively affect his or her service to the Board. In such event, the policy provides that the affected director shall promptly submit his or her resignation to the chairman of the Board and the lead independent director. The members of the Board, excluding the affected director, will determine whether the affected director's continued service on the Board is in the best interests of our stockholders and will decide whether or not to accept the resignation of the director. In addition, the policy provides that prior to accepting an invitation to serve on the board of directors of another public company, a director must advise the chairman of the Board and the lead independent director so that the remaining members of the Board may evaluate any potential conflicts of interest.

Leadership Structure and Meetings of Independent Directors

Mr. Thiry is the chairman of our Board and the chief executive officer of the Company. Since October 2014, Mr. Thiry has also served as chief executive officer of HCP. Mr. Thiry brings over 15 years of experience with our Company and deep institutional knowledge and experience to the combined role.

We believe that Mr. Thiry's experience and knowledge as CEO and chairman are essential to the chairman role and are counterbalanced appropriately by the significant role of the lead independent director. Our lead independent director, Mr. Grauer, who was elected by and from the independent board members, plays a significant role in Board leadership and meetings of the independent directors. Mr. Grauer also chairs our Nominating and Governance Committee, and as chairman of the Nominating and Governance

Committee, Mr. Grauer has the authority to call meetings of the committee, whose primary purpose, as outlined in its charter, includes overseeing the evaluation of the Company's management, including the CEO.

As lead independent director, Mr. Grauer serves as liaison between the chairman and the independent directors, approves information sent to the Board, confers with the CEO/chairman in setting and thereafter approving meeting agendas for the Board, approves meeting schedules to assure that there is sufficient time for discussion of all agenda items, and presides at all meetings of the Board at which the chairman is not present, including executive sessions of independent directors. Additionally, Mr. Grauer facilitates discussions outside of scheduled Board meetings among the independent directors on key issues as required, and

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decides when to engage independent advisors for the Board or a Board committee. Mr. Grauer, in his capacity as lead independent director, also has the authority to call meetings of the Board and the independent directors and, if requested by major stockholders, makes himself available for consultation and direct communication with them.

Independent directors meet regularly in executive sessions without management. Executive sessions are held in conjunction with each regularly scheduled meeting of the Board.

Communications with the Board

Any interested party who desires to contact the lead independent director, Mr. Grauer, may do so by sending an email to *leaddirector@davita.com.* In addition, any interested party who desires to contact the Board or any member of the Board may do so by writing to: Board of Directors, c/o Corporate Secretary, DaVita HealthCare Partners Inc., 2000 16th Street, Denver, Colorado 80202. Copies of any such written

communications received by the Corporate Secretary will be provided to the full Board or the appropriate member depending on the facts and circumstances described in the communication unless they are considered, in the reasonable judgment of the Secretary, to be improper for submission to the intended recipient(s).

Annual Meeting of Stockholders

We do not have a policy requiring that directors attend the annual meeting of stockholders. At the last annual

meeting of stockholders, our chairman and CEO, Mr. Thiry, attended the meeting.

Information Regarding the Board and its Committees

The Board has established the following committees: the Audit Committee, the Compensation Committee, the Nominating and Governance Committee, the Compliance Committee, the Public Policy Committee, and the Clinical Performance Committee. The Board met

9 times during 2015. Each of our directors attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees of the Board on which he or she served during 2015.

Committees of the Board

The following chart sets out the current members of our Board Committees and describes the principal functions of each committee of our Board. The charter for each committee is available under the Corporate Governance section of our website, located at *http://www.davita.com/about/corporate-governance.*

Audit Carol Anthony ("John") Davidson *Chair* Charles G. Berg Roger J. Valine	Monitors the quality and integrity of our consolidated financial statements including the financial reporting and disclosure processes and the integrity and effectiveness of our system of internal control over financial reporting.
	Monitors our compliance with legal and regulatory requirements, including healthcare compliance in coordination with the Board's Compliance Committee.
	Monitors the independence, qualifications and performance of our independent registered public accounting firm, including a review of the scope and results of their audit, as well as our internal audit function.
	Together with the Compliance Committee, assists the Board with oversight of compliance with legal and regulatory requirements, including those that may have a material impact on the Company's financial statements.
	Appoints and engages our independent registered public accounting firm, and pre-approves the firm's annual audit services (including related fees), audit-related services, and all other services in accordance with our pre-approval policy.
	Monitors our disclosure controls and procedures and compliance with ethical standards.
	Provides an avenue of communication among the independent registered public accounting firm, management, internal audit department and the Board.

Compensation Pamela M. Arway *Chair* Paul J. Diaz Peter T. Grauer Roger J. Valine	Reviews the performance of our chief executive officer and other executives and makes specific recommendations and decisions regarding their compensation.	3
	Establishes policies relating to the compensation of our executive officers and other key employees that further the goal of ensuring that our compensation system for our chief executive officer and our other executives, as well as our philosophy for compensation for all employees and the Board, is aligned with the long-term interests of our stockholders.	
	Conducts an evaluation of our chief executive officer's performance and the Company's performance and considers a self-assessment prepared by our chief executive officer. Periodically, the Compensation Committee engages an outside consultant to conduct an in-depth analysis of our chief executive officer's performance as a manager during the year.	
	Has sole authority and discretion to retain or replace its independent compensation consultants, independent legal counsel and other advisors, and is directly responsible for hiring, overseeing and compensating such advisors.	
	Annually reviews and approves the long-term corporate goals and objectives applicable to compensation for our chief executive officer, evaluates our chief executive officer's performance in light of those goals and objectives, and determines and approves, subject to ratification by the independent members of the Board, all elements of our chief executive officer's total compensation, including the chief executive officer's compensation level based on this evaluation.	
	Works closely with and considers the recommendations of our chief executive officer to determine the compensation of our other executive officers.	
	Reviews the goals and objectives and summary performance assessments applicable to the compensation of our other executive officers, and reviews and approves all elements of total compensation of our other executive officers and considers the recommendations of the chief executive officer who conducts a performance and compensation review of each other executive officer and reviews his detailed assessments of the performance of each of the other executive officers with the Compensation Committee.	
	Reviews the results of advisory stockholder votes and other stockholder feedback on the compensation of our executive officers and considers whether to make adjustments to our compensation policies and practices as a result of such votes.	

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Nominating and Governance Peter T. Grauer *Chair* Pamela M. Arway Carol Anthony ("John") Davidson Roger J. Valine	Reviews and makes recommendations to the Board about our governance processes. Assists in identifying and recruiting candidates for the Board. Annually reviews the performance of the individual members of the Board. Proposes a slate of nominees for election at the annual meeting of stockholders. Makes recommendations to the Board regarding the membership and chairs of the committees of the Board.	2
Compliance Committee[1] Charles G. Berg *Chair* Barbara J. Desoer[2] Paul J. Diaz Dr. William L. Roper	Reviews and oversees compliance with Federal health care program requirements and the Corporate Integrity Agreement. Oversees and monitors the effectiveness of our healthcare regulatory compliance program, reviews significant healthcare regulatory compliance risk areas, and reviews the steps management is taking to monitor, control and report these risk exposures. Together with the Audit Committee, assists the Board with oversight of enterprise risk management and healthcare legal and regulatory compliance. Has primary responsibility for oversight of healthcare regulatory requirements and for directing the Company's response to certain pending governmental investigations.	7

	Meets at least once each quarter in executive sessions with our chief compliance officer to discuss, among other things, our compliance program and to receive an update on compliance activities initiated or completed during the quarter.	
Public Policy John M. Nehra *Chair* Pamela M. Arway Paul J. Diaz	Advises the Board on public policy and government relations matters and makes recommendations to the Board as to policies and procedures relating to issues of public policy and government relations. Oversees the Company's government affairs activity and political spending.	2
Clinical Performance Dr. William L. Roper *Chair* Carol Anthony ("John") Davidson Barbara J. Desoer[2]	Advises the Board on clinical performance issues facing the Company. Makes recommendations to management and to the Board as to policies and procedures relating to issues of clinical performance.	2

1 Mr. Nehra served on the Compliance Committee until March 31, 2016.

2 Ms. Desoer was appointed to the Clinical Performance Committee and Compliance Committee on March 31, 2016.

Overview of Committee Membership Qualifications

Pamela M. Arway1	Yes	2
Charles G. Berg2	Yes	0
Carol Anthony ("John") Davidson2	Yes	3
Barbara J. Desoer	Yes	0
Paul J. Diaz1	Yes	1
Peter T. Grauer1,3	Yes	2
John M. Nehra	Yes	0
Dr. William L. Roper	Yes	1
Kent J. Thiry	No	0
Roger J. Valine1,2	Yes	0

1
Member of the Compensation Committee and is (a) independent under the listing standards of the NYSE and the Company's independence standards, (b) a "nonemployee director" under Rule 16b-3 of the Securities Exchange Act of 1934 (the "Exchange Act"), and (c) an "outside director" as defined in Internal Revenue Service regulations.

2
Member of the Audit Committee and qualifies as an "audit committee financial expert" within the meaning of the rules of the SEC and each is "independent" and "financially literate" under the listing standards of the NYSE and the Company's independence standards.

3
Mr. Grauer is our Lead Independent Director.

*
Current as of March 31, 2016.

Risk Oversight

The Board's involvement in risk oversight involves the Audit Committee, the Compliance Committee and the full Board. Each of the Audit Committee and Compliance Committee are comprised of independent non-executive directors. The Audit Committee is responsible for legal and regulatory risk oversight and the Compliance Committee has primary responsibility for oversight of healthcare legal and regulatory compliance requirements. The Audit Committee and the Compliance Committee meet regularly with our chief legal officer or the corporate secretary, as the case may be, and chief compliance officer, and work together to assist the Board with oversight of legal and compliance enterprise risk management and to ensure that management identifies, monitors, controls and reports such compliance risk exposures. The Compliance Committee reviews significant healthcare legal and regulatory compliance risk areas, and meets on a regular basis and reports directly to the Board on its findings. The Audit Committee receives materials on enterprise risk management on an annual basis. These materials include identification of top enterprise risks for

the Company, the alignment of management's accountability and reporting for these risks, and mapping of the Board's and Audit Committee's oversight responsibilities for key risks. In addition, the Audit Committee and the full Board periodically receive materials to address the identification and status of major risks to the Company. The Audit Committee discusses significant risk areas and the actions management has taken to monitor, control, and report such exposures. The Audit Committee also reviews with the Company's chief legal officer or corporate secretary, as the case may be, legal matters that may have a material impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and material reports or inquiries received from governmental agencies, including such matters identified by the Compliance Committee or the chief compliance officer. At each meeting of the full Board, the chairman of the Audit Committee reports on the activities of the Audit Committee, including risks identified and risk oversight.

Board Share Ownership Policy

We have a share ownership policy that applies to all non-employee members of the Board. The purpose of the policy is to align the financial interests of our

non-employee Board members with those of our stockholders.

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Both shares owned directly and shares underlying vested but unexercised stock appreciation rights ("SARs"), including stock-settled stock appreciation rights ("SSARs"), restricted stock units ("RSUs"), direct stock issuances ("DSIs") and stock options are included in the determination of whether the share ownership guidelines have been met. The total net realizable share value retained must have a current market value of not less than the lower of:

- 25% of the total equity award value realized by the Board member to date in excess of $100,000; or
- three times the annual Board retainer of $80,000, or $240,000.

As of December 31, 2015, each of our non-employee members of the Board had met the requirements of our share ownership guidelines. See "Compensation Discussion and Analysis Compensation Policies and Practices Management Share Ownership Policy" on page 51 of this Proxy Statement for more information regarding our management share ownership policy.

Code of Ethics and Codes of Conduct

We have a code of ethics that applies to our chief executive officer, chief financial officer, controller and chief accounting officer, chief legal officer, and all professionals involved in the accounting and financial reporting functions. We also have a code of conduct that applies to all of our employees, officers and the Board. The code of ethics and the code of conduct are available under the Corporate Governance section of our website, located at *http://www.davita.com/about/corporate-governance*. If the Company amends or waives the code of ethics or the code of conduct with respect to our chief executive officer, chief financial officer, controller or chief accounting officer, chief legal officer, or persons performing similar functions, we will post the amendment or waiver at the same location on our website.

HCP also has a code of conduct that applies to its officers, employees, affiliated physicians, and persons serving on the board of directors of its subsidiaries, and other contracted providers, vendors and all third parties conducting business on behalf of HCP. The HCP code of conduct is available under the Corporate Governance section of our website, located at *http://www.davita.com/about/corporate-governance*.

Insider Trading Policy

We have adopted an Insider Trading Policy applicable to our directors, executive officers and employees that is intended to ensure that those individuals do not benefit financially from buying or selling shares of our common stock while in the possession of material non-public information. Under our Insider Trading Policy, pre-clearance by our chief legal officer is required for equity and 401(k) plan transactions entered into by our executives and Board members, such as an option or stock appreciation right exercise, or electing to invest in or divest shares of our common stock, as well as certain other transactions involving our common stock. In addition, quarterly trading blackouts are imposed under the Insider Trading Policy upon our directors, executive officers and certain other employees who are deemed to have access to the Company's financial results prior to their becoming final and being publicly disclosed. The Insider Trading Policy strictly prohibits hedging transactions. Moreover, our directors, executive officers and other employees are prohibited from pledging Company securities as collateral for a loan.

Proposal 2 Ratification of the Appointment of our Independent Registered Public Accounting Firm

Independent Registered Public Accounting Firm

The Audit Committee has appointed KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. Representatives of KPMG LLP are expected to attend the annual meeting in person and will be available to respond to appropriate questions and to make a statement if they so desire. If KPMG LLP should decline to act or otherwise become incapable of acting, or if KPMG LLP's engagement is discontinued for any reason, the Audit Committee will appoint another independent registered public accounting firm to serve as our independent registered public accounting firm for 2016. Although we are not required to seek stockholder ratification of this appointment, the Board believes that doing so is consistent with corporate governance best practices. If the appointment is not ratified, the Audit Committee will explore the reasons for stockholder rejection and will reconsider the appointment.

The following table sets forth the aggregate professional fees billed to us for the years ended December 31,

2015 and 2014 by KPMG LLP, our independent registered public accounting firm:

Audit fees1	$5,063,695	$4,760,714
Audit-related fees2	$539,789	$487,185
Tax fees3	$589,551	$445,429
All other fees		
Total	**$6,193,035**	**$5,693,328**

1 Includes aggregate fees for the audit of our consolidated financial statements and the effectiveness of our internal control over financial reporting and the three quarterly reviews of our consolidated financial statements included in our Form 10-Q and other SEC filings. In addition, audit fees include statutory audits in several international countries.

2 Includes fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported as "Audit Fees." The audit-related fees in 2015 and 2014 include fees for audits of our employee benefit plans, an audit of a majority-owned entity, audits of HCP's risk bearing organizations, and fees of $101,009 and $264,297 in 2015 and 2014, respectively, for due diligence services relating to potential acquisitions.

3 Includes fees for professional services rendered for tax advice and tax planning. None of these fees were for tax compliance or tax preparation services.

Pre-approval Policies and Procedures

The Audit Committee is required to pre-approve the audit, audit-related, tax and all other services provided by our independent registered public accounting firm in order to assure that the provision of such services does not impair the auditor's independence. The Audit Committee's pre-approval policy provides for pre-approval of all audit, audit-related, tax and all other services provided by the independent registered public accounting firm, KPMG LLP. The Audit Committee

pre-approved all such services in 2015 and concluded that such services performed by KPMG LLP were compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

The Board recommends a vote FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016.

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Proposal 3 Advisory Vote on Executive Compensation

Pursuant to Section 14A of the Exchange Act, we are providing stockholders with a vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with SEC rules. The advisory vote on executive compensation described in this proposal is commonly referred to as a "say-on-pay vote."

The Company intends to include in its proxy statement on an annual basis an advisory vote regarding named executive officer compensation.

As disclosed in the Compensation Discussion and Analysis, the Company believes that its executive compensation program is reasonable, competitive and strongly focused on pay-for-performance principles. We design our executive officer compensation program to attract and retain outstanding leaders who possess the skills and talent necessary to achieve our business goals and objectives. Our ultimate objective is to continue to create long-term stockholder value by being a leader in clinical outcomes, generating strong overall revenue growth, market share increases, operating margin growth, increases in Medicare Advantage enrollment and consistently strong total stockholder return ("TSR"). In order to achieve this objective, we have established an executive compensation program that we believe:

- rewards superior clinical outcomes;
- rewards strong Company performance;
- aligns our executives' interests with our stockholders' interests; and
- is competitive within the health care services, diagnostics, managed care and solutions markets, so that we can attract and retain outstanding executives.

We believe that the compensation of our named executive officers during fiscal 2015 is consistent with the following achievements and financial performance for 2015:

- improved clinical outcomes in our U.S. dialysis operations, including second year in a row as leader of the Five-Star Quality Rating System created by the Centers for Medicare and Medicaid Services;
- consolidated net revenue growth of 7.7%;
- net revenue growth of 5.2% related to our U.S. dialysis segment operations as a result of an increase in revenue per treatment of $6;
- an increase in HCP's net revenue of 9.6% related to an increase of its fee-for-service business and senior capitated revenue;
- an increase in other ancillary services and strategic initiatives net revenue of 21.3%;
- U.S. dialysis treatment growth of 4.1%;
- normalized non-acquired U.S. dialysis treatment growth of 3.9%;
- net addition of 72 U.S. dialysis centers and 27 international dialysis centers;
- strong operating cash flows of $1.557 billion, which have been reduced by approximately $304 million of after-tax payments made in connection with the settlement of the Vainer private civil suit; and

- a $1.5 billion financing to lower interest rate, extend maturities and enhance liquidity.

The Company's TSR from the first quarter of 2000 (our CEO's first full quarter with the Company) through the fourth quarter of 2015 was approximately 3,298%, putting the Company in the top 10 of all current S&P 500 companies over that period.

The Compensation Committee has developed and approved an executive compensation philosophy to provide a framework for the Company's executive compensation program featuring the following policies and practices:

- strong pay-for-performance alignment, with equity awards ranging up to 65% of our named executive officers' compensation in 2015, and with short-term cash bonuses and long-term incentive awards of cash and equity tied to the achievement of various performance metrics;

- a stock ownership policy that requires our executives to accumulate a meaningful ownership stake in the Company over time to strengthen the alignment of our named executive officers' and stockholders' interests;

- a clawback policy that permits the Board to recover bonuses, incentive and equity-based compensation from executive officers and members of the Board whose fraud or intentional misconduct was a significant contributing factor to the Company having to restate all or a portion of its financial statements; and

- equity incentive plans that prohibit repricing or replacing underwater stock options or stock appreciation rights without prior stockholder approval.

This proposal gives our stockholders the opportunity to express their views on the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. For the reasons discussed above, we are asking our stockholders to indicate their support for our named executive officer compensation by voting FOR the following resolution at the annual meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis, the

2015 Summary Compensation Table and the other related tables and disclosure)."

The say-on-pay vote is an advisory vote only, and therefore it will not bind the Company or the Board. However, the Board and the Compensation Committee will consider the voting results as appropriate when making future decisions regarding executive compensation, as they did following the 2015 annual meeting of stockholders.

The Board recommends a vote FOR the approval of the advisory resolution relating to the compensation of our named executive officers as disclosed in this Proxy Statement.

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Proposal 4 Approval of Proposed Amendments to our Amended and Restated Bylaws to Adopt Proxy Access

The Board is recommending that stockholders approve amendments to the Company's Amended and Restated Bylaws that would permit certain stockholders to include qualified stockholder-nominated director candidates in the Company's proxy materials ("proxy access"). The proposed amendments to be approved by stockholders are contained in Section 12(a), Section 12(c) and Section 13 of Article III of the Company's Amended and Restated Bylaws, a copy of which is attached to this Proxy Statement as Appendix A ("Amendments"). Additions to the Bylaws are indicated by underlining, and deletions are indicated by strikethrough text.

Introduction

Proxy access allows eligible stockholders to include their own nominees for director in the Company's proxy materials for an annual meeting of stockholders, along with the candidates nominated by the Board. A non-binding stockholder proposal submitted by the UAW Retiree Medical Trust, which requested that we adopt and present a proxy access bylaw for stockholder approval, received the support of 43% of our stockholders at the 2015 annual meeting of stockholders. Even though the stockholder proposal was supported by less than a majority of the votes cast by our stockholders, the Board moved forward with the consideration of proposed amendments to our Amended and Restated Bylaws to implement a proxy access right. In determining the terms of the proxy access right to be proposed for stockholder approval. We reached out to the holders of a majority of our outstanding shares to obtain their feedback on proxy access, and the Board considered feedback from our stockholders gathered during engagement, including in relation to the ownership threshold and duration, the limitation on the number of stockholders that can comprise a nominating group, and the maximum number of proxy access nominees. The Board believes that the proposed Amendments include requirements and provisions designed to provide meaningful rights of proxy access while reducing some risks of abuse.

Description of Proposed Amendments

The following description of the proposed Amendments is a summary only and is qualified in its entirety by reference to the complete text of the Amendments which is attached to this Proxy Statement as Appendix A. You are urged to read the Amendments in their entirety.

Eligibility of Stockholders to Nominate Directors

Any stockholder or group of up to 20 stockholders who have maintained continuous qualifying ownership of at least 3% of the shares of the Company's outstanding common stock for at least the previous three years would be permitted to include a specified number of director nominees in the Company's proxy materials for its annual meeting of stockholders.

Calculation of Qualifying Ownership

To ensure that the interests of stockholders seeking to include director nominees in the Company's proxy materials are aligned with those of other stockholders, a nominating stockholder would be deemed to own only those shares of outstanding common stock of the Company as to which the stockholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in such shares, including the opportunity for profit and the risk of loss. With respect to the stockholder or any of the stockholder's affiliates, the following shares would not count as "owned" shares for purposes of the Amendments:

- shares sold in any transaction that has not been settled or closed, including any short sale;
- shares borrowed for any purposes or purchased pursuant to an agreement to resell; or
- shares subject to any option, warrant, forward contract, swap, contract of sale or other derivative or similar agreement, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of

stock, which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of (a) reducing in any manner, to any extent or at any time in the future, the full right to vote or direct the voting of any such shares, and/or (b) hedging, offsetting or altering to any degree any gain or loss arising from the full economic ownership of such shares, other than any such arrangements solely involving a national or multi-national multi-industry market index.

A stockholder will be deemed to "own" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct the disposition thereof and possesses the full economic interest in the shares. A stockholder's ownership of shares will be deemed to continue during any period in which the stockholder has loaned such shares or delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement which in either case is revocable at any time by the stockholder; provided that in the event of a loan, the stockholder has the power to recall such loaned shares on five or less business days' notice.

Funds under common management and investment control, funds under common management and funded primarily by the same employer, and/or certain investment company families or groups, would be treated as one eligible stockholder or one member of a nominator group under certain circumstances.

Number of Stockholder-Nominated Candidates

The maximum number of candidates nominated by all eligible stockholders that the Company would be required to include in the Company's proxy materials for an annual meeting of stockholders is that number of directors constituting the greater of two or 20% of the total number of directors (rounded down to the nearest whole number) on the last day on which a nomination notice may be submitted to the Company (as described below under the section captioned "Nomination Window"). If one or more vacancies occur on the Board, or the Board decides to reduce the size of the Board in connection with the annual meeting, after the nomination deadline, the nominee limit would be calculated based on the reduced number of directors. Any stockholder-nominated candidate who is either subsequently withdrawn or included by the Board in the Company's proxy materials as a Board-nominated candidate would be counted against the nominee limit.

Procedure for Electing Candidates if Nominee Limit Exceeded

Any nominating stockholder submitting more than one stockholder nominee for inclusion in the Company's proxy materials would be required to rank such nominees based on the order that the nominating stockholder desires such nominees to be selected for inclusion in the Company's proxy materials. If the number of stockholder-nominated candidates exceeds the maximum number of stockholder nominees, the highest ranking stockholder nominee from each nominating stockholder would be selected for inclusion

in the Company's proxy materials until the nominee limit is reached, going in order of the amount (largest to smallest) of shares of stock of the Company that each nominating stockholder disclosed as owned in its respective nomination notice submitted to the Company. This selection process would continue with the next highest ranked nominees as many times as necessary, following the same order each time, until the nominee limit is reached.

Nomination Window

In order to provide adequate time to assess stockholder-nominated candidates, requests to include stockholder-nominated candidates in the Company's proxy materials must be delivered to or mailed and received at the Company's principal executive offices no earlier than 150 days and no later than 120 days before the first anniversary of the date that the Company distributed its proxy statement to stockholders for the previous year's annual meeting of stockholders.

Information Required of All Nominating Stockholders

Each stockholder seeking to include a director nominee in the Company's proxy materials would be required to provide certain information to the Company, including:

- verification of the stockholder's ownership of shares of the Company's common stock;
- an undertaking to provide immediate notice if the stockholder ceases to own the minimum number of shares prior to the date of the annual meeting;
- a copy of the stockholder's notice on Schedule 14N that has been filed with the SEC;

the stockholder nominee's consent to being named in the Company's proxy materials and serving as a director, if elected;

the information, questionnaire, representation and agreement required pursuant to the advance notice requirements for stockholder nominees set forth in the Company's Amended and Restated Bylaws;

a description of communications by the nominating stockholder with any other stockholder or beneficial owner of Company securities regarding the stockholder nominee;

a description of certain relationships that might have existed within the past three years between or among the nominating stockholder, the nominator group, the stockholder nominee and/or the Company or any of its affiliates;

the details of any position of the stockholder nominee as an officer or director of any competitor of the Company within the three years preceding the submission of the nomination notice; and

Continues on next page

in the case of a nomination by a group of stockholders, the designation of one authorized group member.

Nominating stockholders would also be required to make certain representations and warranties to and agreements with the Company, including:

no intent to change or influence control of the Company;

not nominating any person for election to the Board other than the stockholder's nominees submitted through the proxy access process;

not engaging and/or participating in the solicitation of support for any person other than the stockholder's nominees or Board nominees;

not engaging in any exempt solicitation or certain communications regarding voting intentions, other than with respect to the nominating stockholder's nominees or Board nominees;

not distributing any proxy card for the annual meeting in connection with the election of a stockholder nominee other than the form distributed by the Company;

no violation of applicable law or stock exchange requirements as a result of the nominee's candidacy or Board membership (if elected);

the nominee's independence and other qualifications;

satisfaction of the eligibility requirements and intent to maintain qualifying ownership through the annual meeting date;

compliance with applicable laws, rules and regulations in connection with the nomination, solicitation and election, including filing with the SEC certain communications with stockholders relating to any director, director nominee or stockholder nominee;

assuming liabilities related to and indemnifying the Company and its officers, directors and employees against losses arising out of the nomination or relevant communications; and

promptly notifying the Company if certain information ceases to be true and accurate in all material respects.

Exclusion of Stockholder Nominees

The Company would not be required to include a stockholder nominee in the Company's proxy materials if:

the Company receives a notice that a stockholder intends to nominate any candidate for election to the Board at the annual meeting pursuant to the

advance notice requirements for stockholder nominees set forth in Article III, Section 12(a) of the Company's Amended and Restated Bylaws;

the nominating stockholder has engaged in a solicitation, exempt solicitation or other communication regarding voting intentions, other than with respect to any stockholder nominee or Board nominee;

the nomination or election to the Board would result in the Company violating or failing to be in compliance with its Amended and Restated Bylaws or Amended and Restated Certificate of Incorporation, as amended, any stock exchange requirements or any other applicable state or federal laws, rules or regulations;

the nominee has been an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, within the past three years;

the nominating stockholder has failed to continue to satisfy the eligibility requirements, or the nominee becomes unwilling or unable to serve on the Board; or

any of the representations and warranties made in the nomination notice ceases to be true and accurate in all material respects, or any violation or breach occurs of any of the obligations, agreements, representations or warranties of the nominating stockholder or stockholder nominee under or pursuant to the Amendments, including, without limitation, if the nominee (a) does not qualify as independent, (b) becomes a party to an undisclosed voting commitment or compensation arrangement, or (c) is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years.

The Board or the chairman of the annual meeting would declare a director nomination by a stockholder to be defective, and such nomination would be disregarded, if (i) the director nominee or the stockholder breaches any of their respective obligations under the Amendments or (ii) the nominating stockholder does not appear at the annual meeting to present the nomination.

Supporting Statement and Other Information

A nominating stockholder would be permitted to include in the Company's proxy statement for the applicable annual meeting a 500-word statement in support of its nominee(s).

The Company would be permitted to omit, or may supplement or correct, any information or statement if such information or statement (a) is not true in all material respects, (b) impugns without factual foundation a person's or entity's character, integrity or personal reputation, or makes charges concerning improper, illegal or immoral conduct or associations without factual foundation, (c) would violate any applicable law or regulation, or (d) would impose a material risk of liability upon the Company.

The Company would be permitted to include in its proxy statement any information that the Company or the Board determines, in its discretion, to include relating to the nomination, including without limitation any statement in opposition to the nomination, information relating to any compensation arrangement and/or voting commitment, and any of the information provided to the Company pursuant to the proxy access right.

Solicitation by the Company Against Stockholder Nominees

The Company would be permitted to solicit support for its position in opposition to any stockholder nominee.

Interpretation

The Board (and any other person or body authorized by the Board, including, without limitation, the chairman of the relevant annual meeting) would have the power and authority to interpret certain of the Amendments and to make any and all determinations necessary or advisable to apply those provisions to any persons, facts or circumstances, including the power to determine the eligibility of a nominating stockholder and/or stockholder nominee, and whether any and all requirements have been satisfied.

Stockholder Approval Requirement

The affirmative vote of a majority of the shares of common stock which are present at the annual meeting or by proxy and entitled to vote thereon is required for the approval of the proposed Amendments. The proposed Amendments would become effective upon the required approval by our stockholders.

The Board recommends a vote FOR the approval of the proposed amendments to the Amended and Restated Bylaws to adopt proxy access.

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Proposal 5 Amendment to Increase the Number of Shares Available Under our Employee Stock Purchase Plan by 7,500,000 Shares

General

The Board is proposing for stockholder approval the amendment and restatement (the "ESPP Amendment") of our Employee Stock Purchase Plan (the "ESPP"). If approved by stockholders, the ESPP Amendment would add an additional 7,500,000 shares of common stock to the number of shares authorized for issuance under the ESPP. The ESPP encourages ownership of our common stock by eligible employees by permitting them to purchase, subject to the terms and conditions included in the ESPP, a limited number of shares at a discount rate. The Board approved the ESPP Amendment on March 31, 2016, subject to stockholder approval.

Reason for Proposing the ESPP Amendment

Under the ESPP, 5,000,000 shares of common stock are authorized for issuance. As of March 31, 2016, eligible employees have purchased 4,577,603 shares under the ESPP and 422,397 shares remain available for purchase under the ESPP. At current participation levels, we estimate that, in the absence of an amendment to increase the number of shares of common stock authorized under the ESPP, all currently authorized shares will be purchased by June 2016. If the ESPP Amendment is approved, the number of shares available for purchase under the ESPP will be increased by 7,500,000 shares, which would be approximately 3.6% of the Company's shares outstanding as of March 31, 2016. This increase in the number of shares available for purchase under the ESPP will enable eligible employees to purchase shares under the ESPP for an additional period of time.

History of the ESPP

The ESPP was originally adopted by the Board of Directors on October 24, 1995 and was approved by stockholders on June 6, 1996. Initially, the maximum number of shares of common stock that we could issue under the ESPP was 200,000 shares. On September 26, 1997, the Board adjusted the total number of shares available for issuance under the ESPP to 333,333 shares, to reflect the payment of a dividend on our common stock of two shares for every three shares then outstanding. An amendment to increase the number of shares available for purchase under the ESPP

by 800,000 shares was adopted by the Board and was approved by stockholders on December 17, 1999. The Board approved an amendment and restatement of the ESPP, effective July 10, 2002, to change the name of the ESPP to reflect our new corporate name and to make certain other clarifying changes. On May 21, 2004, our Board adjusted the total number of shares available for issuance under the ESPP to 1,699,999 shares to reflect a three-for-two stock split of our common stock. An amendment to increase the number of shares available for purchase under the ESPP by 800,001 shares was adopted by the Board and was approved by stockholders on May 29, 2007. The Board approved an amendment on December 13, 2007, and the Company amended the ESPP pursuant to the approval by the Board on November 1, 2008, to permit the Company to distribute directly to the participant the balance of a participant's account on the date of purchase of shares if the balances exceeds the purchase price of a whole number of shares to be acquired, in lieu of applying such amount to the next purchase right period, in either case, in the discretion of the Company. On October 6, 2011, pursuant to the approval by the Compensation Committee of the Board, the ESPP was amended to provide that employees that are citizens or residents of a foreign jurisdiction (i) whose laws prohibit their participation in the ESPP, (ii) whose participation would cause the ESPP to not meet the eligibility requirements of section 423 of the Internal Revenue Code, or (iii) where the burden to the Company of complying with local tax, securities and employment law does not warrant extending participation in the ESPP in such foreign jurisdiction, who would otherwise be eligible to participate in the ESPP, may be deemed by the Compensation Committee as not eligible to participate. On August 12, 2013, our Board adjusted the total number of shares available for issuance under the ESPP to 5,000,000 shares to reflect the two-for-one stock split of our common stock.

Description of the ESPP

The following is a description of the terms of the ESPP, as proposed to be amended and restated. This description is qualified in its entirety by reference to the plan document, as proposed to be amended and restated, a copy of which is attached to this proxy statement as Appendix B and incorporated herein by reference.

Administration. The Compensation Committee administers the ESPP. Pursuant to the ESPP, members of the Compensation Committee have the authority to interpret the ESPP and to prescribe the rules and procedures relating to the ESPP and to take all other actions necessary or appropriate in connection with the administration of the ESPP. The Company pays all costs and expenses of administering the ESPP.

Shares Subject to the ESPP. The maximum number of shares of common stock authorized for issuance under the ESPP is 5,000,000 shares, subject to adjustment in the event of certain changes to our capital structure as described in the ESPP. As noted above, 4,577,603 shares have already been purchased by eligible employees under the ESPP and 422,397 shares remain available for purchase as of March 31, 2016. If stockholders approve the amendment to increase the number of shares available under the ESPP by 7,500,000 shares, a total of 12,500,000 shares would be authorized for issuance under the ESPP subject to adjustment in the event of certain changes to our capital structure. The shares of common stock sold under the ESPP may be authorized and unissued shares or shares reacquired by the Company.

Eligibility. Except as described above with respect to certain employees in foreign jurisdictions, any employee of the Company or any of its authorized subsidiaries who is scheduled to work at least twenty hours per week is eligible to participate in the ESPP, provided such employee has completed at least three months of continuous employment prior to the first day of the applicable purchase right period (as described below). Notwithstanding anything to the contrary contained in the ESPP, no employee may be granted purchase rights under the ESPP if the employee would, after the grant of the purchase rights, be deemed to own 5% or more of the combined voting power or value of all classes of stock of the Company or of a subsidiary. As of March 31, 2016, we have approximately 65,700 employees and approximately 56,900 employees are eligible to participate in the ESPP.

Participation and Payroll Deductions. Eligible employees may purchase shares of common stock under the ESPP through payroll deductions during each purchase right period with amounts accumulated during each purchase right period or by lump sum contribution by the participant at the beginning of the purchase right period. An eligible employee may enroll in the ESPP by executing prior to the commencement of each purchase right period a form provided by the Company stating the amount of the requested payroll deduction or lump sum contribution. The minimum dollar amount that may be deducted and contributed per payroll period is $10.

Once a participant has designated the amount of his or her contribution for a purchase right period, the participant cannot change the amount for such purchase right period without terminating his or her purchase right.

The amounts contributed by a participant (whether by means of payroll withholding or a lump sum advance contribution) will be deposited into a separate account maintained for the participant. No interest is paid on the amounts credited to a participant's account. Notwithstanding anything to the contrary in the ESPP, a participant may not accrue a right to purchase common stock under the ESPP at a rate that exceeds an aggregate fair market value of $25,000 per calendar year.

Purchase Right Periods. Shares of common stock will be offered under the ESPP through two purchase right periods each year, from January 1 to December 31, and from July 1 to December 31. Which purchase right period will apply to a participant will depend on when a participant elects to start making contributions for the year. Participating employees are required to elect how much they will contribute toward their purchase rights prior to the start of the purchase right period.

Exercise of Purchase Rights. Unless earlier terminated, purchase rights will be exercised automatically on the last day of each purchase right period. Funds held in a participant's account on the last day of the purchase right period will be used to purchase shares of common stock for the participant. Shares purchased at the end of a purchase right period will be credited to electronic share accounts established for each participant at a broker designated by the Compensation Committee. The shares will be held in such accounts until the holding period set forth in section 423(a) of the Internal Revenue Code has been satisfied. After the expiration of the holding period required by section 423(a) of the Internal Revenue Code, which is two years after the first day of the purchase right period, or one year after the last day of the purchase right period, whichever is later, participants may move the shares to other brokers of their choice or have the shares transferred to them.

Purchase Right Price. The price at which a participating employee will purchase each share covered by a purchase right will be the lesser of (i) 100% of the fair market value of a share of common stock on the first day of the applicable purchase right period, or (ii) 85% of the fair market value of a share of common stock on the last day of that purchase right period. The fair market value of a share of common stock on any relevant date under the ESPP will be the last reported sale price of our common stock on the

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NYSE on the particular day, or if the NYSE is closed on a particular day, then the last reported sale price for the preceding day. On March 31, 2016, the fair market value per share of our common stock was $73.38. Purchases are subject to the aggregate limitation on the number of shares that are available under the ESPP and the ESPP limitations applicable to individual participants.

Termination of Purchase Rights. A participant may elect to terminate his or her purchase right at any time prior to the last day of the purchase right period. To do so, the participant must complete the form provided by the Company for this purpose, and submit it to our people services department. A participant's purchase right will terminate automatically if the participant ceases to be our employee for any reason (including death, disability or retirement) prior to the last day of the purchase right period. A transfer of employment or service between the Company and a subsidiary or between different subsidiaries is not considered a termination for purposes of the ESPP. Furthermore, an approved leave of absence is not treated as termination of employment for this purpose if it does not exceed 90 days (unless the participant's rights to reemployment are guaranteed by statute or contract). Upon the termination of a participant's purchase right, all amounts held in a participant's account will be refunded to the participant.

Termination Events. Notwithstanding anything to the contrary in the ESPP, all purchase rights shall be automatically exercised immediately preceding (i) a transaction in which the Company will cease to be an independent publicly-owned corporation, (ii) a sale or other disposition of all or substantially all the assets of the Company, or (iii) a termination of the ESPP. In the case of a termination event described in (i) or (ii) above, the fair market value of our common stock on the last day of the purchase right period will be deemed to be equal to the per share consideration received in the transaction by the holders of the common stock.

Adjustment Upon Changes in Capitalization. If the outstanding shares of our common stock are increased, decreased, or exchanged for different securities through a reorganization, merger, consolidation, recapitalization, reclassification, stock split, reverse stock dividend, or other similar transaction, a proportionate adjustment will be made by the Compensation Committee to (i) the number, price, and kind of shares subject to outstanding purchase rights, and (ii) the maximum number and kind of shares that are available for issuance under the ESPP.

Proration of Purchase Rights. If the total number of shares of common stock to be purchased pursuant to outstanding purchase rights on any particular date exceeds the number of shares then available for issuance under the ESPP, then (i) the Compensation Committee will make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis; and (ii) the payroll deductions of each participant, to the extent in excess of the aggregate purchase price payable for the common stock pro-rated to such individual, will be refunded to the participant.

Nontransferability. A participant's rights under the ESPP are not transferable.

Indemnification of the Board. To the maximum extent permitted by law and subject to certain exceptions, we will indemnify each member of the Board and any other employee with duties under the ESPP against expenses (including any amount paid in settlement or in satisfaction of a judgment) reasonably incurred by the individual in connection with any claims against the individual by reason of the performance of the individual's duties under the ESPP.

Amendment and Termination of the ESPP. The Board may terminate or amend the ESPP at any time. However, the Board may not, without the approval of our stockholders, adopt any amendment that relates to (i) the class of individuals eligible to participate in the ESPP, or (ii) the aggregate number of shares to be granted under the ESPP.

Federal Income Tax Consequences

The following is a brief summary of the United States federal income tax consequences under the ESPP.

The ESPP is intended to qualify as an "Employee Stock Purchase Plan" within the meaning of section 423 of the Internal Revenue Code. Under section 423, an eligible employee who elects to participate in the ESPP will not realize any taxable income at the time common stock is purchased under the ESPP for such eligible employee.

If a participant disposes of common stock purchased under the ESPP two years or more after the date the purchase right is exercised, which is the last day of the purchase right period, a participant will recognize long-term capital gain or loss. The Company will not be entitled to any deduction with respect to a disposition of common stock occurring under the circumstances described in this paragraph.

If a participant disposes of common stock purchased under the ESPP within two years after the date the purchase right is exercised, the participant will recognize ordinary income, and the Company will be entitled to a corresponding deduction, in an amount equal to the excess of the fair market value of the common stock on the last day of the purchase right period over the purchase price of the common stock under the ESPP. The participant's cost basis in the common stock will be increased by the amount of the ordinary income recognized by the participant. In addition, upon the disposition of the common stock, a participant will recognize capital gain or loss equal to the difference between the price at which the common stock is disposed of and the cost basis in the common stock, as so increased. The Company will not be entitled to any deduction with respect to the amount recognized by the participant as capital gain.

The affirmative vote of a majority of the shares of common stock present at the 2016 annual meeting, in person or by proxy and entitled to vote thereon, is required for the approval of the proposed amendment and restatement of our ESPP, including an increase in the number of shares of common stock available for issuance under the ESPP, and total votes cast on this proposal must represent over 50% of all outstanding shares.

The Board recommends a vote FOR the approval of the proposed amendment to our ESPP to increase the number of shares of common stock available for issuance under the ESPP by 7,500,000 shares.

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Proposal 6 Stockholder Proposal Regarding Action by Written Consent

We expect the following proposal, sponsored by James McRitchie and Myra K. Young, 9295 Yorkship Court, Elk Grove, California 95758, and holders of 100 shares of the Company's common stock, to be presented at the annual meeting. **The Board has recommended a vote AGAINST this proposal for the reasons set forth following the proposal.** The Board disclaims any responsibility for the content of the proposal and the supporting statement, which are presented exactly in the form received by the Company.

Stockholder Proposal and Supporting Statement

Proposal 6 Right to Act by Written Consent

Resolved, Shareholders request that our board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to be consistent with applicable law and consistent with giving shareholders

the fullest power to act by written consent consistent with applicable law. This includes shareholder ability to initiate any topic for written consent consistent with applicable law.

This proposal topic won majority shareholder support at 13 major companies in a single year. This included 67% support at both Allstate and Sprint. Hundreds of major companies enable shareholder action by written consent.

Taking action by written consent in lieu of a meeting is a means shareholders can use to raise important matters outside the normal annual meeting cycle. A shareholder right to act by written consent and to call a special meeting are 2 complimentary ways to bring an important matter to the attention of both management and shareholders outside the annual meeting cycle. Taking action by written consent saves the expense of holding a special shareholder meeting.

Please vote to enhance shareholder value:

Right to Act by Written Consent Proposal 6

The Company's Statement in Opposition to Proposal 6

The Board recommends you vote AGAINST the proposal.

We have a track record of strong corporate governance. We have had a long-standing commitment to sound corporate governance practices, and have a number of corporate governance policies and practices that enhance the accountability of the Board of Directors to our stockholders, including:

- Our stockholders' right to call special meetings at a 10% threshold;
- A majority vote standard in uncontested director elections;
- No non-stockholder-approved pill;
- Annual election of all directors (no "staggered board" or "classified board"); and
- Simple majority vote for amendment of Bylaws.

We continue to be committed to good corporate citizenship and accountability to our stockholders. Our continual process of evaluating and making appropriate changes as needed to our corporate governance structure underscores our commitment to sound corporate governance and, we believe, enhances stockholder value. Last year, although proxy access received only 43% support from our stockholders, the Board of Directors proceeded, nonetheless, to consider amendments to our Bylaws to implement proxy access. We reached out to the holders of a majority of our outstanding shares to obtain their feedback on proxy access and, based on feedback gathered during the engagement, we are proposing amendments to our Bylaws which we believe provide meaningful rights of proxy access while reducing risks of abuse. In short, we continually evaluate our business, stockholder feedback, the competitive landscape and developments in corporate governance and implement appropriate changes to our corporate governance policies and practices when they appear to be in the best interests of our stockholders and our business.

The proposal is unnecessary given that our stockholders already have the right to call special meetings. Our stockholders already have the ability "to raise important matters outside the normal annual meeting cycle." Our bylaws were amended in 2011 to allow stockholders holding 10% or more of our outstanding common stock to call a special meeting to propose, debate and vote on matters outside the normal annual meeting cycle.

Notably, our 10% threshold for calling a special meeting is lower than the threshold at many S&P 500 companies and is substantially lower than the majority threshold that would be required to take action by written consent under this proposal.

Addressing matters that are significant to the Company at a meeting of the stockholders, rather than through the consent solicitation process, ensures that information about proposed stockholder actions will be disseminated to all stockholders and allows for the transparent, public, orderly and deliberate consideration of issues facing the Company. Acting on matters at a meeting of stockholders is more democratic and transparent than doing so by written consent. Requiring action to be taken at a stockholder meeting allows all stockholders to express their views openly, rather than allowing a subset of the stockholder constituency to take action without the knowledge or participation by the rest of the Company's stockholders and impose the results of that action on other stockholders. The special meeting process that is already available to the Company's stockholders provides a more meaningful opportunity for all stockholders to be involved in our corporate governance and, specifically, to receive notice of and participate in actions taken on behalf of the company's stockholders. On the contrary, action by written consent would permit a group of stockholders to initiate action without any notice and opportunity for other stockholders to review, analyze and formulate an opinion on the issue(s) being raised for vote by written consent. Action by written consent could also lead to hasty decision-making and could be costly and disruptive for the Company because it forecloses the opportunity for stockholders to have a robust, open and real time consideration and deliberation. Different stockholders could act on different matters by written consent for any purpose, at any time, and as often as they wish, causing significant disruption and confusion. This could lead to a chaotic and potentially coercive state of corporate affairs rather than the orderly and democratic stockholder meeting process currently in place.

The affirmative vote of a majority of the shares of common stock present at the annual meeting, in person or by proxy and entitled to vote thereon, is required for the approval of this proposal.

For all of the foregoing reasons, the Board recommends that you vote AGAINST this proposal.

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The following table sets forth information regarding the ownership of our common stock as of March 31, 2016 by (a) all persons known by us to own beneficially more than 5% of our common stock, (b) each of our directors and named executive officers, and (c) all of our directors and executive officers as a group. We know of no agreements among our stockholders which relate to voting or investment power over our common stock or any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

Warren E. Buffett2 Berkshire Hathaway Inc.2 1440 Kiewit Plaza Omaha, Nebraska 68131	38,565,570	18.69%
The Vanguard Group, Inc.3 100 Vanguard Blvd. Malvern, PA 19355	14,380,779	6.97%
BlackRock Inc.4 55 East 52nd Street New York, NY 10055	12,297,950	5.96%
Kent J. Thiry5	2,053,122	*
Javier J. Rodriguez6	686,363	*
Michael D. Staffieri7	152,747	*
Dennis L. Kogod8	629,782	*
James K. Hilger9	67,166	*
Pamela M. Arway10	89,808	*
Charles G. Berg11	77,437	*
Carol Anthony ("John") Davidson12	49,697	*
Barbara J. Desoer	642	*
Paul J. Diaz13	13,094	*
Peter T. Grauer14	154,921	*

John M. Nehra15	186,117	*
Dr. William L. Roper16	85,306	*
Roger J. Valine17	101,842	*
All directors and executive officers as a group (18 persons)18	4,419,926	2.1%

*

Amount represents less than 1% of our common stock.

1

Unless otherwise set forth in the footnotes below, the address of each beneficial owner is 2000 16th Street, Denver, Colorado, 80202.

2

Based solely on information contained in Amendment No. 4 to Schedule 13G filed with the SEC on February 17, 2015, Berkshire Hathaway Inc., a diversified holding company which Mr. Buffett may be deemed to control. Mr. Buffett and Berkshire Hathaway Inc. share voting and dispositive power over 38,565,570 shares of the Company's common stock, which include shares beneficially owned by certain subsidiaries of Berkshire Hathaway Inc. as a result of being a parent holding company or control person.

3

Based solely upon information contained in Amendment No. 5 to Schedule 13G filed with the SEC on February 10, 2016, The Vanguard Group, Inc., an investment adviser, has sole voting power with respect to 308,622 shares, shared voting power with respect to 16,700 shares, sole dispositive power with respect to 14,047,851 shares and shared dispositive power with respect to 332,928 shares.

4

Based solely upon information contained in Schedule 13G filed with the SEC on January 28, 2016, BlackRock, Inc., an investment advisor, has sole voting power with respect to 10,691,404 shares and sole dispositive power with respect to 12,297,950 shares.

5

Includes 458,994 shares held in a family trust and 1,450,000 shares issuable upon the exercise of SSARs and 72,064 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

6

Includes 549,167 shares issuable upon the exercise of SSARs and 36,466 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

7

Includes 130,600 shares issuable upon the exercise of SSARs and 4,934 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

8

Includes 84,350 shares held in trust and 472,500 shares issuable upon the exercise of SSARs and 36,466 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

9

Includes 47,000 shares issuable upon the exercise of SSARs and 3,983 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

10

Includes 77,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

30

11
Includes 14,095 shares held in trust and 53,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

12
Includes 41,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

13
Includes 5,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

14
Includes 115,908 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

15
Includes 72,379 shares in trust and 113,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

16
Includes 77,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

17
Includes 83,414 shares issuable upon the exercise of SSARs, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

18
Includes 3,284,585 shares issuable upon the exercise of SSARs and 154,451 restricted stock units, which are exercisable as of, or will become exercisable within 60 days after, March 31, 2016.

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Information Concerning Our Executive Officers

Kent J. Thiry	60	Chairman of the Board, Chief Executive Officer and Chief Executive Officer, HealthCare Partners
Javier J. Rodriguez	45	Chief Executive Officer, Kidney Care
Michael D. Staffieri	42	Chief Operating Officer, Kidney Care
Dennis L. Kogod	56	President, HealthCare Partners, and Chief Executive Officer, International
Joseph C. Mello	57	Chief Operating Officer, HealthCare Partners
James K. Hilger	54	Interim Chief Financial Officer and Chief Accounting Officer
Kathleen A. Waters	48	Chief Legal Officer
Jeanine M. Jiganti	56	Chief Compliance Officer
LeAnne M. Zumwalt	57	Group Vice President, Purchasing and Public Affairs

Our executive officers are appointed by, and serve at the discretion of, the Board. Set forth below is a brief description as of March 31, 2016 of the business experience of all executive officers other than Mr. Thiry, who is also a director and whose business experience is set forth above in the section of this Proxy Statement entitled "Information Concerning Members of the Board Standing for Election."

Javier J. Rodriguez became our chief executive officer, Kidney Care in March 2014. Since joining the Company in 1998, Mr. Rodriguez has served in a number of different capacities. From February 2012 to March 2014, he served as our president. From April 1, 2006 through February 2012, he served as our senior vice president. Before that, from 2000 to 2006 he served as a vice president of operations and payor contracting. Mr. Rodriguez joined the Company in 1998 as a director of value management. Prior to joining the Company, Mr. Rodriguez worked for Baxter Healthcare Corporation in Finance from 1995 to 1996. He also previously served as director of operations for CBS Marketing Inc. in Mexico City.

Michael D. Staffieri became our chief operating officer, Kidney Care, in March 2014. From July 2011 to February 2014, he served as a senior vice president, Kidney Care. From March 2008 to July 2011, he served as our vice president of operations and new center development. Mr. Staffieri joined the Company in July 2000 and has served in several different roles. Prior to joining us, Mr. Staffieri worked for Arthur Andersen LLP in Finance from 1999 to 2000.

Dennis L. Kogod became our president, HealthCare Partners, and our chief executive officer, International, effective January 2015. From March 2014 through December 2014, he served as chief operating officer of our HealthCare Partners division. From January 2009 to March 2014, he served as our chief operating officer, and prior to that, he served as our president-west beginning in October 2005. From January 2004 until joining us, Mr. Kogod served as president and chief operating officer-west of Gambro Healthcare, Inc., which we acquired in October 2005. From July 2000 to January 2004, Mr. Kogod served as president, west division of Gambro Healthcare, Inc. From June 1999 to July 2000, Mr. Kogod was president of Teleflex Medical Group, a medical original equipment manufacturer of medical delivery systems. From January 1996 to June 1999, Mr. Kogod was corporate vice president of Teleflex Surgical Group, a surgical device and service organization. Mr. Kogod previously served on the board of Arbios Systems, Inc., a medical device and cell-based therapy company.

Joseph C. Mello became our chief operating officer, HealthCare Partners, in January 2015. From April 2012 to April 2014, Mr. Mello served on the Board of CapitalSource Inc., a commercial lender, Mr. Mello previously served as our chief operating officer emeritus from January 2009 to

December 2012, and chief operating officer from June 2000 to December 2008. From April 1998 to June 2000, Mr. Mello served as president and chief executive officer of Vivra Asthma & Allergy. From August 1994 to April 1998, Mr. Mello held various positions with MedPartners, Inc., including senior vice president/chief operating officer-southeastern region from March 1997 to April 1998. Prior to joining MedPartners, from 1984 to 1994, Mr. Mello was associated with KPMG LLP, where he became a partner in 1989.

James K. Hilger became our interim chief financial officer in March 2015, a position he previously held from April 2012 until November 2013. Mr. Hilger continues to serve as our chief accounting officer, a position he has held since April 2010. Prior to April 2010, Mr. Hilger served as our vice president and controller since May 2006, after having served as our vice president, finance beginning in September 2005. Mr. Hilger was our acting chief financial officer from November 2007 through February 2008. From September 2003 to September 2005, Mr. Hilger served as vice president, finance and administration and chief financial officer of Pyramid Breweries, a brewer of specialty beverages. From December 1998 to July 2003, Mr. Hilger served as chief executive officer and chief financial officer of WorldCatch, Inc., a seafood industry company. From 1987 until joining WorldCatch, Inc., Mr. Hilger held a variety of senior financial positions in the food industry. Mr. Hilger began his career in public accounting with Ernst & Whinney.

Kathleen A. Waters joined the Company in April 2016 as Chief Legal Officer. Prior to joining the Company, Ms. Waters was senior vice president, general counsel and secretary of Health Net, Inc., a publicly traded managed care organization from April 2015 to March 2016. She was a partner in Morgan, Lewis & Bockius LLP's litigation practice from 2003 to 2015. She also was the leader of that firm's Los Angeles litigation group and co-leader of the healthcare group. Before that, Ms. Waters was a partner at Brobeck, Phleger & Harrison LLP in Los Angeles.

Jeanine M. Jiganti became our chief compliance officer in March 2013. From July 2012 to March 2013, she

served as our vice president, international chief compliance officer and deputy chief compliance officer. Prior to joining us, she served as chief compliance officer for Takeda Pharmaceuticals North America, a subsidiary of a Japanese pharmaceutical company, from October 2005 to March 2012. Additionally, she served as chief compliance officer for several of Takeda Pharmaceutical Company Limited's affiliates including Takeda Global Research and Development and Takeda Pharmaceuticals International Operations. During Ms. Jiganti's career, she has served as general counsel for the Illinois Department of Commerce and Economic Opportunity from September 2003 to September 2005, general counsel of Near North Insurance Company from September 2002 to September 2003 and vice president of litigation at Caremark Inc., a pharmaceutical services company, from 1996 to 2002.

LeAnne M. Zumwalt became our group vice president-purchasing and public affairs in July 2011. From January 2000 to July 2011, Ms. Zumwalt served as our vice president in many capacities. From January 2000 to October 2009, she served as our vice president, investor relations while having other responsibilities. From 1997 to 1999, Ms. Zumwalt served as chief financial officer of Vivra Specialty Partners, Inc. a privately held health care service and technology firm. From 1991 to 1997, Ms. Zumwalt held various executive positions, including chief financial officer, at Vivra Incorporated, a publicly held provider of dialysis services. Prior to joining Vivra Incorporated, Ms. Zumwalt was a senior manager at Ernst & Young, LLP. Ms. Zumwalt serves on the board of The Advisory Board Company.

None of the executive officers has any family relationship with any other executive officer or with any of our directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires "insiders," including our executive officers, directors and beneficial owners of more than 10% of our common stock, to file reports of ownership and changes in ownership of our common stock with the SEC and the NYSE, and to furnish us with copies of all Section 16(a) forms they

file. Based solely on our review of the copies of such forms received by us, or written representations from reporting persons, we believe that our insiders complied with all applicable Section 16(a) filing requirements during 2015.

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Compensation Discussion and Analysis Information

This Compensation Discussion and Analysis (the "CD&A") describes our executive compensation program for the following named executive officers ("NEOs"):

Kent J. Thiry	Chairman and Chief Executive Officer, DaVita HealthCare Partners, and Chief Executive Officer, HealthCare Partners
Javier J. Rodriguez	Chief Executive Officer, Kidney Care
Michael D. Staffieri	Chief Operating Officer, Kidney Care
Dennis L. Kogod	President, HealthCare Partners, and Chief Executive Officer, International
James K. Hilger	Interim Chief Financial Officer (effective March 30, 2015) and Chief Accounting Officer
Dr. Garry E. Menzel	Chief Financial Officer through March 30, 2015[1]

1 Dr. Menzel served as the Company's Chief Financial Officer from November 7, 2013 to March 30, 2015.

Executive Summary

Our Business

The Company consists of two major divisions, Kidney Care and HealthCare Partners (HCP). Our Kidney Care division is comprised of our U.S. dialysis and related lab services, our ancillary services and strategic initiatives, including our international operations, and our corporate administrative support.

Our largest line of business is our U.S. dialysis and related lab services business, which is a leading provider of kidney dialysis services in the United States. As of December 31, 2015, we operated or provided administrative services through a network of 2,251 outpatient dialysis centers in the U.S., serving a total of approximately 180,000 patients in 46 states and the District of Columbia. We also provide acute inpatient dialysis services in approximately 900 hospitals. In 2015, our overall network of U.S. outpatient dialysis centers increased by 72 centers primarily as a result of opening new centers and acquisitions. In addition, the overall number of patients that we serve in the U.S. increased by approximately 4.1% from 2014.

Our other major line of business is HCP, a patient-and physician-focused integrated health care delivery and management company with over two decades of experience providing coordinated, outcomes-based

medical care in a cost-effective manner. Through capitation contracts with some of the nation's leading health plans, HCP had approximately 807,400 members under its care in southern California, Colorado, central and south Florida, southern Nevada, central New Mexico and central Arizona as of December 31, 2015. In addition to its managed care business, HCP provides care in all of its markets to over 612,200 patients whose health coverage is structured on a fee-for-service basis, including patients enrolled through traditional Medicare and Medicaid programs, preferred provider organizations and other third party payors.

The HCP patients as well as the patients of HCP's associated physicians, physician groups and independent practice associations benefit from an integrated approach to medical care that places the physician at the center of patient care. As of December 31, 2015, HCP delivered services to its members via a network of 547 associated group full-time primary care physicians, over 2,900 associated group and other network primary care physicians, 240 network hospitals, and several thousand associated group and network specialists. Together with hundreds of case managers, registered nurses and other care coordinators, these medical professionals utilize a comprehensive information technology system, sophisticated risk

Continues on next page

management techniques and clinical protocols to provide high-quality, cost-effective care to HCP's members.

Our executive compensation program is best understood within the context of the business environment in which we currently operate. This includes increasing regulation by numerous federal, state and local government entities, reductions in reimbursements under federal and state healthcare programs, including Medicare and Medicaid, continued downward pressure on our commercial payment rates, and the continued integration of HCP into the enterprise.

Our Executive Compensation Structure

Our executive compensation program is designed to align our executive compensation structure with our strategic and financial objectives in creating stockholder value. Our executive compensation structure is comprised of both short- and long-term incentives, which include challenging performance goals that we believe are aligned with our strategic objectives to provide high quality care to our patients, increase profitability, maximize growth and increase stockholder value.

The 2015 short- and long-term criteria, described in further detail starting on page 40, emphasized our objectives as a Company, and our resulting compensation structure incorporated incentives tied to clinical care, profit and growth.

We will continue our ongoing engagement with our stockholders on corporate governance issues that are of interest to them or that our Board might be evaluating. The Compensation Committee will consider the feedback we receive from our stockholders in making future compensation decisions for our NEOs. We also believe it is important to maintain consistency with our compensation philosophy and approach, described in further detail below in the section entitled "Our Compensation Design and Philosophy," to continue to incentivize management toward short and long-term financial and operating goals, which are intended to create long-term stockholder value.

Consideration of Say-on-Pay Results and Pay for Performance

In June 2015, approximately 96% of the votes cast by stockholders at the annual meeting were voted in favor of the compensation program applicable to our NEOs, as described in the 2015 proxy statement. We believe the votes reflect support for our executive compensation

program, particularly the scope and effectiveness of the changes we initially adopted in March 2014, and strong pay for performance alignment. We reached out to our largest institutional stockholders in late 2015 to discuss our existing compensation structure. During these discussions, stockholders expressed general satisfaction with our executive compensation program, and emphasized continued pay-for-performance. While we did not modify our executive compensation program in response to the prior year say-on-pay vote, based on the feedback we received from our stockholders, we refined our short-term incentive and long-term incentive programs to tailor the programs to each NEO by adding performance measures reflective of the particular NEO's business division.

Our Compensation Design and Philosophy

Our ability to recruit and retain highly qualified executives is essential to our long-term success. An important goal in the design of our executive compensation program, in addition to clinical differentiation and creating stockholder value, is to attract and retain outstanding leaders who possess the skills and talent necessary to achieve our business goals and objectives, and who embody our mission and values. We believe it is in the best interests of our stockholders to attract and retain talented leaders, and we strive to do so by providing compensation that we believe is reasonable, provides the best value for our stockholders, aligns incentives, and is sufficient to achieve our recruitment and retention objectives.

Our ultimate objective is to continue to create long-term stockholder value by being a leader in clinical differentiation, generating strong overall revenue growth, increasing market share, improving clinical outcomes, growing operating margins, increasing Medicare Advantage enrollment, and delivering consistently strong total stockholder return.

In order to achieve this objective, we have established an executive compensation program that we believe:

(i) rewards superior clinical outcomes;

(ii)

rewards strong Company performance;

(iii) aligns our executives' interests with our stockholders' interests; and

(iv) is competitive within the health care services, diagnostics, managed care and solutions markets so that we can attract and retain outstanding executives.

2015 Financial and Performance Highlights

Our overall financial and operating performance was strong for 2015 despite the challenges we faced with Medicare reimbursement and a large increase in pharmaceutical costs in the Kidney Care division and Medicare Advantage reimbursement in the HCP division. We believe that the NEOs were instrumental in achieving these results, including the following major achievements and financial operating performance indicators in 2015:

- improved clinical outcomes in our U.S. dialysis operations, including second year in a row as leader of the Five-Star Quality Rating System created by the Centers for Medicare and Medicaid Services;
- consolidated net revenue growth of 7.7%;
- net revenue growth of 5.2% related to our U.S. dialysis segment operations as a result of an increase in revenue per treatment of $6;
- an increase in HCP's net revenue of 9.6% related to an increase of its fee-for-service business and senior capitated revenue;
- an increase in other ancillary services and strategic initiatives net revenue of 21.3%;
- U.S. dialysis treatment growth of 4.1%;
- normalized non-acquired U.S. dialysis treatment growth of 3.9%;
- net addition of 72 U.S. dialysis centers and 27 international dialysis centers;
- strong operating cash flows of $1.557 billion, which have been reduced by approximately $304 million of after-tax payments made in connection with the settlement of the Vainer private civil suit; and
- a $1.5 billion financing to lower interest rate, extend maturities and enhance liquidity.

The Company's TSR from the first quarter of 2000 (our CEO's first full quarter with the Company) through the fourth quarter of 2015 was approximately 3,298%, putting the Company in the top 10 of all current S&P 500 companies over that period.

We believe our U.S. dialysis and related lab services clinical outcomes compare favorably with other dialysis providers in the United States and generally exceed the dialysis outcome quality indicators of the National Kidney Foundation. Our clinical outcomes mean better quality of life for approximately 180,000 dialysis patients we serve.

Linking 2015 NEO Compensation to Performance

Our compensation program for our NEOs emphasizes compensation based on performance and is designed to align our NEOs' interests with those of our stockholders, and to permit individuals who have performed well in creating and protecting significant long-term value for the Company and its stockholders to share in the value generated. To this end, our compensation program emphasizes variable compensation in the form of cash and equity awards over fixed compensation.

When establishing the compensation for our NEOs for 2015, the Compensation Committee gave significant weight to our sustained record of strong operating performance as highlighted above, our improvement in strategic positioning and our continued strong clinical performance, particularly in light of ongoing general economic volatility and significant industry regulatory challenges and uncertainty. In 2015, we continued to lead industry public policy efforts, achieving favorable outcomes for the industry and the Company. The Compensation Committee balanced its evaluation of the Company's financial and clinical performance by also considering the Company's implementation of the Corporate Integrity Agreement with the United States Department of Health and Human Services, Office of Inspector General, healthcare reform, changes to government reimbursement policies, other significant healthcare regulatory changes, as well as the government investigations affecting the Company. The Compensation Committee also took into account Kidney Care's strong performance and HCP's underperformance. HCP has experienced declines in its financial performance, thereby partially offsetting Kidney Care's strong financial performance. HCP's underperformance is primarily driven by government reimbursement cuts and our inability to mitigate those cuts in their entirety. When establishing 2015 compensation for our NEOs, the Compensation Committee considered these and other factors in the context of evaluating the impact that individual NEO performance had in achieving these

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results and responding to these challenges. The following table shows the 2015 total direct compensation (base salary, annual performance-based cash award and long-term incentive award) determined by the Compensation Committee for each NEO who remained an executive officer on December 31, 2015. This table is not a substitute for the information disclosed in the 2015 Summary Compensation Table and related footnotes, which begin on page 54.

Kent J. Thiry	$1,200,000	$2,225,186	$7,142,616	
Javier J. Rodriguez	$800,000	$1,700,000	$6,407,089	$2,363,661
Michael D. Staffieri	$583,270	$1,020,000	$3,674,047	$1,240,922
Dennis L. Kogod	$800,000	$200,000		
James K. Hilger	$366,635	$195,000	$489,141	

1 The amounts reported here reflect the base salary amounts actually paid during the 2015 fiscal year.

2 The amounts reported under the Annual LTI Award column consist of the grant date fair value of all 2015 equity awards (both SSARs and PSUs) as well as the target value of the 2015 performance-based cash awards.

Given the emphasis on variable compensation, the Compensation Committee determined to limit increases to fixed compensation amounts in 2015 such that the base salaries of our NEOs were retained at 2014 levels, other than Mr. Staffieri's base salary, which was increased in 2015 pursuant to the Compensation Committee's review of his performance as the Chief Operating Officer of Kidney Care and consideration of comparative market data provided by the committee's outside compensation consultant, Compensia, and Mr. Hilger's base salary, which was increased in 2015 in connection with his expanded role as the Interim Chief Financial Officer. The following pie charts illustrate the allocation of the total direct compensation that the NEOs above earned or, in the case of the long-term incentives, were granted with respect to 2015:

Compensation Summary CEO

Compensation Summary Other NEOs

The Compensation Committee believes that the above compensation structure struck an appropriate balance by promoting long-term stockholder value creation without motivating or rewarding excessive risk-taking.

Stockholder Interest Alignment

Our executive compensation is designed to focus on pay-for-performance and to align the interests of our executives with the long-term interests of our stockholders. Our incentive criteria focus on performance-based compensation that aligns with our strategic, operational and financial objectives in creating stockholder value. Our CEO receives all long-term compensation in the form of equity compensation, while other executives receive long-term compensation in the form of both equity compensation and cash-based incentive compensation. Our long-term equity compensation is comprised of stock-settled stock appreciation rights ("SSARs") and performance stock units ("PSUs"). At least 50% of our CEO's equity awards and at least 25% of the other executive

officers' awards are in the form of PSUs. To create close alignment with stockholder value creation, relative TSR was selected as the performance criteria for 50% of the PSUs granted to each of our participating NEOs in 2015. The equity awards are further subject to time vesting equity awards granted in 2015 vest 50% on each of the third and fourth anniversaries of the grant date. The combination of performance-based metrics and extended vesting schedules is intended to assist in the long-term retention of executives and further the alignment of the interests of our executives with the long-term interests of our stockholders. A key component of our executive compensation philosophy and design is that stock-based compensation creates an incentive for the executives to contribute to the overall success of the Company and to take actions that result in the creation of long-term stockholder value.

Key Features of Our Executive Compensation Program

Have double trigger change of control provisions for acceleration of equity award vesting	Provide excise tax gross-ups on change of control payments for new or materially amended agreements entered into since 2008[1]
Limit severance payments to not more than three times base salary and bonus	Re-price or replace underwater stock options or stock appreciation rights
Provide for multi-year vesting periods for equity award grants to reinforce a culture in which the Company's long-term success takes precedence over volatile short-term results	Have our Compensation Committee's independent compensation consultant provide any other services to the Company
Have our Compensation Committee use an independent compensation consultant	Have a defined benefit pension plan
Have a clawback policy that permits recovery of bonuses, incentive and equity-based compensation from executives	Allow hedging of the Company's securities by directors, executives and other employees
Seek stockholder feedback on our executive compensation program	Allow directors, executives and other employees to pledge the Company's securities as collateral for a loan
Apply meaningful stock ownership guidelines to strengthen alignment of executives' and stockholders' interests	

1 We have not provided for tax gross-ups in any employment agreements or amended employment agreements entered into after July 2008. Our CEO has the only remaining legacy agreement that contains a tax gross-up; however, no gross-up would have been payable under his agreement in any of the prior five years if a change of control had occurred. See "Potential Payments Upon Termination or Change of Control" on pages 61 to 66.

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Elements of Compensation

The elements of direct compensation offered under our executive compensation program include both fixed (base salaries) and variable (annual and long-term incentives) compensation.

Base Salary

We compensate our executives with a base salary because we believe it is appropriate that some portion of compensation be provided in a form that is liquid and assured. Base salaries are initially established at levels necessary to enable us to attract and retain highly qualified executives with reference to comparative pay within the Company for executives with similar levels of responsibility, the prior experience of the executive, and expected contributions to Company performance.

We do not guarantee salary adjustments on an annual basis. During March of each year, the Compensation Committee considers adjustments to base salary as part of the overall annual compensation assessment for our executives. Our CEO typically provides the Compensation Committee with his recommendation regarding merit-based increases for each executive officer other than himself. The CEO's base salary is recommended by the Compensation Committee with input from Compensia, the Compensation Committee's independent compensation consultant, and Compensia's analysis of CEO compensation of our comparator peer group, and approved by the independent members of the Board of Directors.

Consistent with our emphasis on performance-based compensation and the Compensation Committee's decision to limit increases to fixed compensation amounts in 2015, the Compensation Committee maintained the base salaries of Mr. Thiry, Mr. Rodriguez and Mr. Kogod at 2014 levels. Mr. Staffieri's base salary was increased in 2015 pursuant to the Compensation Committee's review of his performance as Chief Operating Officer of the Company's Kidney Care division and consideration of comparative market data provided by the Compensation Committee's outside compensation consultant, Compensia. Mr. Hilger's base salary was also increased in 2015 in connection with the increasing accounting complexity of the Company's business operations and transactions. The base salaries for 2014 and 2015 for our NEOs who remained executive officers on December 31, 2015 are shown in the following table.

Kent J. Thiry	$1,200,000	$1,200,000
Javier J. Rodriguez	$800,000	$800,000
Michael D. Staffieri	$550,000	$600,000
Dennis L. Kogod	$800,000	$800,000
James K. Hilger	$350,000	$375,000

1 The amounts reported reflect the annual base salaries approved in March 2014.

2 The amounts reported reflect the annual base salaries approved in April 2015.

Short-Term Incentive Program (STI Program) for 2015

The STI program awards in 2015 were granted pursuant to the DaVita HealthCare Partners Inc. 2011 Incentive Award Plan, as amended and restated (the "2011 Plan"), which permits the issuance of stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock units, equity and cash-based performance awards, as well as other forms of equity awards.

Under the STI program in 2015, each NEO was eligible for a maximum annual performance-based bonus potential calculated as a multiple of the annual salary approved in March 2015 by the Compensation Committee, and with respect to the CEO, the Board, as summarized in the table below. Since Mr. Hilger is the Interim Chief Financial Officer, he is not subject to the terms of the 2015 STI program. Instead, for 2015, Mr. Hilger received a discretionary cash bonus equal to $195,000 in recognition of his performance as Interim Chief Financial Officer during 2015.

Kent J. Thiry	$1,200,000	3.0x	$3,600,000
Javier J. Rodriguez	$800,000	2.5x	$2,000,000
Michael D. Staffieri	$600,000	2.0x	$1,200,000
Dennis L. Kogod	$800,000	2.5x	$2,000,000

Each performance metric under our STI program was assigned a relative weight to determine the percentage of the maximum bonus potential for which each executive was eligible. The percentage of the maximum bonus potential was determined based on results achieved in 2015, and the Compensation Committee could then exercise negative discretion to reduce the annual bonus payment based on changed or special circumstances, or factors that may not have been anticipated when the criteria range for the metrics was established.

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The tables below summarize the relative weights, criteria range, maximum performance based eligibility range, actual performance and maximum eligible payout achieved for each of the 2015 STI performance metrics, as well as the actual payout percentage and amount for each NEO who remained an executive officer as of December 31, 2015, other than Mr. Hilger.

Kent J. Thiry

			Maximum Performance Based Eligibility Range			**Maximum Eligible Payout Achieved**	
Enterprise Adjusted Operating Income	50%	$1,788 million to $1,900 million[1]	25% - 100%	$450,000 - $1,800,000	$1,898 million	75%	$1,350,000
HCP Adjusted Operating Income	20%	$238 million to $275 million[1]	25% - 100%	$180,00 - $720,000	$240 million	25%	$180,000
Kidney Care Catheter Rate	5%	13.35% to 13.15% (lower is better) and 15% better than industry	50% - 100%	$90,000 - $180,000	13.06%	100%	$180,000
Kidney Care Non Acquired Growth	10%	4.3% to 4.9%[2]	50% - 100%	$180,000 - $360,000	3.9%	0%	$0
HCP Star Metrics	5%	Customized index range	30% - 100%	$54,000 - $180,000	Internal index value	86.2%	$155,186
HCP Medicare Advantage Enrollment Growth	10%	5% to 20% above industry	25% - 100%	$90,000 - $360,000	>20%	100%	$360,000
					Total Eligible STI Bonus	61.8%	$2,225,186
					Total Actual STI Bonus	**61.8%**	**$2,225,186**

1

The percentage of maximum bonus for which Mr. Thiry is eligible is determined based on the top 75% of the guidance ranges for fiscal year 2015 provided to our investors with our fourth quarter 2014 earnings release, the latest guidance ranges available to the Compensation Committee at the time it approved this performance condition.

2 For relative context, overall industry growth in 2013 (the latest information available as of 3/31/16) was 3.5% and the compound annual growth rate from 2009 to 2013 was 3.6%. The foregoing data are based on the 2015 Annual Data Report, United States Renal Data System, Table D.1 "Percentages and counts of reported ESRD patients: by treatment modality." This includes the results of our Company, without which the industry growth rates would be lower.

Javier J. Rodriguez

			Maximum Performance Based Eligibility Range			Maximum Eligible Payout Achieved	
Core Kidney Care Adjusted Operating Income	70%	$1,550 million to $1,625 million[1]	25% - 100%	$350,000 - $1,400,000	$1,658 million[1]	100%	$1,400,000
Kidney Care Catheter Rate	15%	13.35% to 13.15% (lower is better) and 15% better than industry	50% - 100%	$150,000 - $300,000	13.06%	100%	$300,000
Kidney Care Non Acquired Growth	15%	4.3% to 4.9%[2]	50% - 100%	$150,000 - $300,000	3.9%	0%	$0
					Total Eligible STI Bonus	85%	$1,700,000
					Total Actual STI Bonus	**85%**	**$1,700,000**

1 Criteria range represents the top 75% of the public guidance range for fiscal year 2015 for our Kidney Care division at the time this performance metric was developed. Core Kidney Care Adjusted Operating Income is a subset of Kidney Care Adjusted Operating Income that excludes certain non-core business units. Actual Performance represents actual Adjusted Operating Income for our Kidney Care division.

2 For relative context, overall industry growth in 2013 (the latest information available as of 3/31/16) was 3.5% and the compound annual growth rate from 2009 to 2013 was 3.6%. The foregoing data are based on the 2015 Annual Data Report, United States Renal Data System, Table D.1 "Percentages and counts of reported ESRD patients: by treatment modality." This includes the results of our Company, without which the industry growth rates would be lower.

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Michael D. Staffieri

			Maximum Performance Based Eligibility Range				Maximum Eligible Payout Achieved
Core Kidney Care Adjusted Operating Income	70%	$1,550 million to $1,625 million[1]	25% - 100%	$210,000 - $840,000	$1,658 million[1]	100%	$840,000
Kidney Care Catheter Rate	15%	13.35% to 13.15% (lower is better) and 15% better than industry	50% - 100%	$90,000 - $180,000	13.06%	100%	$180,000
Kidney Care Non Acquired Growth	15%	4.3% to 4.9%[2]	50% - 100%	$90,000 - $180,000	3.9%	0%	$0
					Total Eligible STI Bonus	85%	$1,020,000
					Total Actual STI Bonus	**85%**	**$1,020,000**

1
Criteria range represents the top 75% of the public guidance range for fiscal year 2015 for our Kidney Care division at the time this performance metric was developed. Core Kidney Care Adjusted Operating Income is a subset of Kidney Care Adjusted Operating Income that excludes certain non-core business units. Actual Performance represents actual Adjusted Operating Income for our Kidney Care division.

2
For relative context, overall industry growth in 2013 (the latest information available as of 3/31/16) was 3.5% and the compound annual growth rate from 2009 to 2013 was 3.6%. The foregoing data are based on the 2015 Annual Data Report, United States Renal Data System, Table D.1 "Percentages and counts of reported ESRD patients: by treatment modality." This includes the results of our Company, without which the industry growth rates would be lower.

Dennis L. Kogod

Maximum Performance Based Eligibility Range	Maximum Eligible Payout Achieved

30%	$238 million to $275 million1	25% - 100%	$150,000 - $600,000	$240 million	25%	$150,000

Aerial Services	$36,748	32.3	$24,394	23			
	14,747	40.9	4,842	38.8	(9,905)	(67.2)	
	$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. Assuming issuance at a price of $8.50 per share, the midpoint of the sale price range set forth on the cover of this prospectus, then for purposes of compliance with the minimum tangible net worth covenant we expect to require at least $7.6 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.

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.

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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.

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.

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(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.

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.

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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.

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Other Contingencies

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

Critical Accounting Policies and Estimates

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

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

Revenue Recognition

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

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

Manufacturing / MRO. 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

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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.

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.

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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.

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.

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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.

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 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.

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

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certificates, permits, licenses, noise abatement standards, and other requirements. These regulatory agencies have the authority to modify, amend, suspend, or revoke the certificates, permits, and licenses granted to us for failure to comply with provisions of law or applicable regulations, and may impose civil or criminal penalties for violations of applicable rules and regulations.

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

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

- The issuance of type certificates for the Aircrane;
- Approval of major modifications to the Aircrane or its systems;
- Approval of Aircrane accessories used in our operations, such as our sea snorkel and our anti-rotation device and hoist;
- Promulgation and enforcement of rules governing the operation of aircraft generally and in connection with specific missions;
- Promulgation and enforcement of rules governing the manufacture and repair of aircraft, aircraft systems, and aircraft components; and
- Promulgation and enforcement of rules governing the qualification, training, and currency of pilots, flight crew, and repair and maintenance personnel.

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

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

The FAA and comparable foreign agencies may adopt new regulations, directives, or orders that could require us to take additional compliance steps or result in the grounding of some of our aircraft or the

suspension of certificates or licenses, which could increase our costs or result in a loss of revenues. New regulations could also restrict our operations or increase our operating costs.

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

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

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

Safety

We have company-wide safety and quality processes administered by a Safety & Compliance Department reporting directly to the CEO. In 2011, we received our third consecutive year of SHARP Certification from the Oregon OSHA. The SHARP Certification identifies companies that achieve a level of safety that far exceeds base compliance standards. We operate under a fully implemented Safety Management System ("SMS") which meets or exceeds FAA requirements. SMS is the global aviation gold standard for managing risk. We have been a participant in Helicopter Association International's Platinum Program of Safety for the last four years. We received AS9100 Certification in May 2009 and in March 2011, we successfully completed our annual AS9100 audit with no major findings. 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 IS-BAO auditor. We anticipate that we will become IS-BAO certified this year.

Legal Proceedings

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

U.S. Forest Service Claim. In early June 2008, we were awarded four contracts with the U.S. Forest Service. In late June 2008, the U.S. Forest Service issued a stop work order on three of the four contracts. In October 2008, we filed a request for equitable adjustment on the stop work order with the U.S. Forest Service Contracting Officer. After being denied our request for equitable adjustment, in July 2009, we filed a claim with the Civilian Board of Contract Appeals for approximately $3.0 million, which represented our estimate of additional costs incurred by us under these contracts, which we were not able to mitigate, as a result of the stop work order. We recorded approximately $3.0 million as a receivable in 2008, and subsequently reduced this amount by $0.8 million in 2010 to reflect the revised estimate of additional costs we anticipated to recover. On February 1, 2012, the Civilian Board of Contract Appeals issued its final decision in the matter denying our claim in full. As of December 31, 2011, we further reduced our net receivable to zero as a result of the decision issued on February 1, 2012. We currently do not expect to appeal the decision of the Civilian Board.

IRS Claim. The IRS issued a Notice of Proposed Adjustment on June 3, 2009 proposing to reallocate foreign tax credits amounting to $9.5 million taken in 2005 and 2006 to earlier tax years. We submitted the matter to IRS appeals. On August 25, 2011, our assigned IRS appeals officer verbally advised us that the

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IRS agreed with our original position concerning the foreign tax credits, and this matter has now been formally settled with the IRS.

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

Organizational Structure

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

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MANAGEMENT

Directors and Executive Officers

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

Name	Age	Position
Udo Rieder	52	President and Chief Executive Officer, Director
Charles Ryan	57	Senior Vice President and Chief Financial Officer
H.E. "Mac" McClaren	57	Vice President and Head of Aerial Services
David Ford	61	Vice President of Manufacturing and MRO
Gary Zamieroski	49	Vice President and Chief Marketing Officer
Edward Rizzuti	42	Vice President, General Counsel, and Corporate Secretary
Quinn Morgan	40	Director and Chairman of the Board of Directors
Kenneth Lau	34	Director
Hank Halter*	47	Director nominee
Gary R. Scott*	61	Director nominee
Meredith R. Siegfried*	38	Director nominee
James L. Welch*	57	Director nominee

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

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

Charles Ryan has served as our Senior Vice President and Chief Financial Officer since January 2009. From August 2005 until December 2008, Mr. Ryan served as Chief Financial Officer and Treasurer of Latham International Inc. In December 2009, Latham International Inc. filed a petition for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code and emerged from reorganization under Chapter 11 in January 2010. From January 2002 until August 2005, Mr. Ryan served as Chief Financial Officer of SSG Precision Optronics, Inc. From July 1999 until December 2001, Mr. Ryan served as Group Vice President and Chief Financial Officer of the seating products group of B/E Aerospace Inc. From January 1995 until July 1999, Mr. Ryan served in various positions in General Electric's subsidiary GE Aircraft Engines, most recently as a Finance Officer in component repair and manufacturing operations. From July 1986 until January 1995, Mr. Ryan worked at Textron Inc. and its successor entity Allied Signal-Honeywell, most recently as a Group Controller in the Military Engines and Engineering Development

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Group. From June 1979 until July 1986, Mr. Ryan worked at Howmet Corporation in various financial controlling positions. Mr. Ryan started his career in May 1978 at Olin Corporation in the financial management development program and internal audit group. Mr. Ryan holds an MBA from the University of New Haven and a BS in Accounting from Quinnipiac University and is a licensed CPA in the state of Massachusetts and a current member of the American Institute of Certified Public Accountants.

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

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

Gary Zamieroski has served as our Vice President and Chief Marketing Officer since March 2012. Mr. Zamieroski has over 27 years of experience in the aerospace industry. From January 2010 through July 2011, Mr. Zamieroski served as Vice President, Marketing, Sales, and Strategy for Meggitt Safety Systems/Equipment Group. From September 2008 through December 2009, Mr. Zamieroski founded Aviation Associates International, a private consulting firm. From April 2007 through September 2008, Mr. Zamieroski was Vice President, Business Development and Strategy at HRTextron/Textron Systems. From November 2005 to November 2006, Mr. Zamieroski served as VP/Director, Marketing and Sales at MTU Maintenance in Hannover, Germany. Between February 1998 and November 2005, Mr. Zamieroski held leadership roles in Sales, Marketing, Strategy, and Service at Honeywell International. From October 1994 though February 1998, Mr. Zamieroski was Director of Sales for Airbus North America. From August 1985 through October 1994, Mr. Zamieroski held a variety of positions with GE Aircraft Engines and GE International, including postings in Australia, Indonesia, and Mexico. Mr. Zamieroski earned a Masters Degree from the School of International Service at American University, a post-graduate certificate in Legislative Studies from Georgetown University, and a BS in Aerospace from the School of Technology at Kent State University. In addition, he has completed MBA coursework at the College of William and Mary, Seattle Pacific University, and the University of Dayton.

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

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

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

Hank Halter is expected to become a member of our board concurrently with the listing of our common stock. Mr. Halter served as Senior Vice President and Chief Financial Officer of Delta Air Lines from November 2008 until his retirement in February 2012. Mr. Halter previously served in a variety of finance positions at Delta Air Lines, including as Senior Vice President and Controller of Delta Air Lines (May 2005 through November 2008); Vice President-Controller (March 2005 through May 2005); Vice President-Assistant Controller (January 2002 through March 2005); Vice President-Finance-Operations (February 2000 through December 2001); and various other finance leadership positions (August 1998 through February 2000). In September 2005, Delta Air Lines filed a petition for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code and emerged from reorganization under Chapter 11 in April 2007. From June 1993 through August 1998, Mr. Halter held various finance positions at American Airlines in corporate reporting, financial planning, and corporate real estate. Prior to his tenure with American Airlines, Mr. Halter was a Senior Accountant in the Philadelphia office of Ernst & Young LLP from June 1987 through July 1991. Mr. Halter holds an MBA from Duke University and a BS in accountancy from Villanova University. Mr. Halter is a certified public accountant, a member of the Board of Directors of the Atlanta Police Foundation and the Delta Community Credit Union. He also serves on the Board of Trustees of the Delta Heritage Museum and on the Advisory Board for the Atlanta Chapter of the CFO Roundtable. Mr. Halter was selected as a director nominee because of his experience as the chief financial officer of Delta Air Lines, and for his general experience with finance and public accounting. We expect to appoint him chair of our Audit Committee. Mr. Halter will qualify as an

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"independent" director under the rules and regulations of the SEC and NASDAQ, and as an "audit committee financial expert" under SEC rules.

Gary R. Scott is expected to become a member of our board concurrently with the listing of our common stock. Mr. Scott recently retired from Bombardier, Inc., where he served as the President of the Commercial Aircraft unit of Bombardier Aerospace since April 2008. He joined Bombardier in March 2004, serving as President of New Commercial Aircraft from March 2004 through February 2006 and President of Aircraft Services and New Commercial Aircraft from February 2006 through April 2008. Before joining Bombardier, Mr. Scott was Group President, Civil Simulation and Training at CAE, Inc. from July 2002 through March 2004. Mr. Scott began his career in aviation with The Boeing Company in 1973, holding the following executive positions: President, Flight Safety Boeing Training International (July 2000 through July 2002); Vice President, Business Strategy and Finance, Commercial Aviation Services (January 1999 through July 2000); Vice President and Chief Operating Officer, Boeing Enterprises (April 1998 through January 1999); and Vice President and General Manager for the 737/757 programs (November 1995 through March 1998). Mr. Scott earned a BA in Business Administration at the University of Washington and an MBA at Seattle University. Mr. Scott has also completed the Executive Development Program, University of Illinois, as well as the Harvard Business School Advanced Management Program. Mr. Scott also serves on the Board of Directors of the Wings Club. Mr. Scott was selected as a director nominee because of his experience as the chief executive of a significant business unit of a public aerospace company, and for his general management and financial experience in the aerospace industry. Mr. Scott will qualify as an "independent" director under the rules and regulations of the SEC and NASDAQ.

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

James L. Welch is expected to become a member of our board concurrently with the listing of our common stock. Mr. Welch has served as Chief Executive Officer and a director of YRC Worldwide since July 2011. From October 2008 through July 2011, Mr. Welch served as President and Chief Executive Officer and a director of Dynamex Inc., a leading provider of same-day transportation services in North America. From October 2007 through September of 2008, Mr. Welch was a consultant and Interim Chief Executive Officer of JHT Holdings, Inc., a provider of truck transportation services. From June 2000 through January 2007, Mr. Welch served as President and Chief Executive Officer of Yellow Transportation, a leading provider of transportation services for industrial, commercial and retail goods. Mr. Welch joined Yellow Transportation in 1978, where he held various senior management positions prior to his appointment as

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President and Chief Executive Officer. Mr. Welch received his BS in Psychology from West Texas A&M. Mr. Welch currently serves on the Board of Directors of SkyWest, Inc. and formerly served on the Boards of Spirit AeroSystems Holdings, Inc. and Roadrunner Transportation Services. Mr. Welch was selected as a director nominee because of his experience as the chief executive of transportation companies, his experience with air transportation, and because of his board experience with other aerospace companies. Mr. Welch will qualify as an "independent" director under the rules and regulations of the SEC and NASDAQ.

Board Composition

Concurrently with the listing of our common stock, we expect our board of directors will consist of seven members, four of whom will qualify as "independent" under the rules and regulations of the SEC and NASDAQ.

Concurrently with the listing of our common stock, we will amend and restate our certificate of incorporation. In accordance with our second amended and restated certificate of incorporation, our board will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to the directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. The initial terms of the Class 1, Class 2, and Class 3 directors will expire in 2013, 2014, and 2015, respectively. Udo Rieder and an independent director will each serve as Class 1 directors, Quinn Morgan and two independent directors will each serve as Class 2 directors, and Kenneth Lau and an independent director will each serve as Class 3 directors.

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

Committees of the Board of Directors

Concurrently with the listing of our common stock, we will establish the following committees of our board of directors.

Audit Committee

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

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

Compensation Committee

The compensation committee will:

- assist our board of directors in fulfilling its responsibilities relating to the design, administration, and oversight of employee compensation programs and benefit plans;

- discharge our board of directors' duties relating to the compensation of executive officers; and

- recommend matters relating to director compensation for our board of directors' approval.

The compensation committee will operate under a written charter, to be effective concurrently with the listing of our common stock, that will satisfy the applicable standards of the SEC and NASDAQ. The members of the committee will be James L. Welch, Meredith Siegfried, and Gary R. Scott, each of whom will be an "outside director" under Section 162(m) of the Internal Revenue Code (the "Code") and an "independent" director under the rules and regulations of the SEC and NASDAQ concurrently with the closing of this offering. No member of our compensation committee has served as one of our executive officers.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee will be or will have been at any time during the past year an officer or employee of ours, and none of our executive officers will serve or will have served in the past year as a member of our board of directors or compensation committee of any entity that has one or more executive officers serving on our board or compensation committee.

Nominating and Corporate Governance

Our entire board will oversee our nominating and corporate governance processes. However, only independent directors will be able to vote on matters related to the identification, selection, qualification, and recommendation of director candidates.

There will be no family relationships among any of our directors or executive officers.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, officers, and directors, including those officers responsible for financial reporting. The code of business conduct and ethics will be available on our website at www.ericksonaircrane.com concurrently with the listing of our common stock. Any amendments to the code, or any waivers of its requirements, will be disclosed on our website. The information on, or accessible through, our website is not part of this prospectus.

Compensation of Directors

We have not historically paid any compensation to our directors. Following the closing of this offering, we will pay an annual fee to each independent director equal to $70,000, payable semi-annually. Up to $35,000 of the annual director fee will be made through the issuance of RSUs, based on the value of our common stock at the date of issuance, rather than in cash. In addition, an annual fee of $10,000 will be paid to the chairs of each of the audit and compensation committees of our board of directors. Directors affiliated with our majority stockholder, however, will not be separately compensated by us, unless the fully diluted ownership of the majority stockholder falls below 50%. Management directors will not be separately compensated by us. All members of our board of directors will be reimbursed for reasonable costs and expenses incurred in attending meetings of our board of directors. Concurrently with the listing of our common stock, each independent director will be eligible to receive equity incentive awards.

Each of our independent directors will be granted a number of RSUs concurrently with the listing of our common stock, equal in value to the price at which we will sell shares in this offering. These RSUs will vest in three equal portions on the last day of each of our fiscal years 2012, 2013, and 2014, provided the director is still serving as of the applicable date.

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Limitation on Liability and Indemnification Matters

Our second amended and restated certificate of incorporation will provide that no director will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that this limitation on or exemption from liability is not permitted by the Delaware General Corporation Law (the "DGCL"), and any amendments to that law. As currently enacted, the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for any breach of the director's duty of loyalty to the corporation or its stockholders; acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; payments of unlawful dividends or unlawful stock repurchases or redemptions; or any transaction from which the director derived an improper personal benefit. In addition, our second amended and restated certificate of incorporation provides that, if the DGCL is amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of our directors will be limited or eliminated to the extent permitted by the DGCL, as then amended.

The principal effect of this limitation on liability provision is that a stockholder will be unable to recover monetary damages against a director for breach of fiduciary duty unless the stockholder can demonstrate that one of the exceptions listed in the DGCL applies. This provision, however, will not eliminate or limit director liability arising in connection with causes of action brought under the federal securities laws. Our second amended and restated certificate of incorporation does not eliminate our directors' fiduciary duties. The inclusion of this provision in the certificate of incorporation may, however, discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders. This provision should not affect the availability of equitable remedies such as injunction or rescission based upon a director's breach of his or her fiduciary duties.

The DGCL provides that a corporation may indemnify its directors and officers as well as its other employees and agents against judgments, fines, amounts paid in settlement, and expenses, including attorneys' fees, in connection with various proceedings, other than an action brought by or in the right of the corporation, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if he or she had no reasonable cause to believe his or her conduct was unlawful. A similar standard applies to an action brought by or in the right of the corporation, except that indemnification in such a case may only extend to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation.

Our second amended and restated certificate of incorporation will provide that we will indemnify our directors, executive officers and other officers designated by our board of directors to the fullest extent permitted by Delaware law. Under these provisions and subject to the DGCL, we will be required to indemnify our current and former directors, executive officers, and other officers designated by our board of directors for all judgments, fines, settlements, legal fees, and other expenses incurred in connection with pending or threatened legal proceedings because of the director's or officer's position with us or with another entity at which the person serves as a director, an officer, an employee, or an agent at our request, subject to various conditions, and to advance funds to directors and officers before the final disposition of such proceedings to enable them to defend against such proceedings. To receive indemnification, the director or officer must have been successful in the legal proceeding or have acted in good faith and in what was reasonably believed to be a lawful manner in our best interest.

Our second amended and restated bylaws provide that, to the fullest extent permitted by law, we will indemnify any director, executive officer, or other officer designated by our board of directors against all expenses incurred and arising out of the fact that such person is or was our director or officer, or served any other enterprise at our request as a director or an officer. We will pay such expenses in advance of the final disposition of such action only when we receive an undertaking to repay such amounts if it is ultimately determined that such person is not entitled to be indemnified by us.

We have entered into indemnification agreements with each of our directors that provide that we will indemnify the indemnitee against, and advance certain expenses relating to, liabilities incurred in the performance of such indemnitee's duties on our behalf to the fullest extent permitted under Delaware law, our second amended and restated certificate of incorporation, and our second amended and restated bylaws. Under these indemnification agreements, the indemnified party is indemnified against all expenses (including all reasonable attorneys' fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the indemnitee, or on the indemnitee's behalf, in connection with a proceeding or any claim, issue or matter therein, if the indemnitee acted in good faith and in a manner the indemnitee reasonably believed to be in or not opposed to our best interests. With respect to any criminal proceeding, the indemnitee will be indemnified if the indemnitee had no reasonable cause to believe the indemnitee's conduct was unlawful. If the indemnitee is not wholly successful in a proceeding, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues, or matters in such proceeding, we will indemnify the indemnitee against all expenses actually and reasonably incurred by the indemnitee or on the indemnitee's behalf in connection with each successfully resolved claim, issue, or matter.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The discussion and analysis of our compensation program for our chief executive officer, chief financial officer, and the three other most highly compensated executive officers (collectively, the "named executive officers") which follows should be read in conjunction with the tables and text contained elsewhere in this filing. We describe below the compensation policies and procedures currently in effect and certain compensation and benefit arrangements that we intend to implement in connection with and following this offering.

The compensation paid to our named executive officers for 2011 is not necessarily indicative of how we will compensate our named executive officers after this offering and we anticipate that our compensation programs following this offering, as developed and implemented by our compensation committee, could vary significantly from our historical practice.

Compensation Philosophy and Objectives

Our non-management directors, and, following this offering, our compensation committee, are charged with establishing and reviewing the compensation programs for executive officers. Our overall goal in compensating executive officers is to attract, retain, and motivate key executives of superior ability who are critical to our future success. We believe that both short-term and long-term incentive compensation paid to executive officers should be aligned with our performance, and that compensation should be structured to ensure that a significant portion of executives' compensation opportunities is related to achieving financial and operational goals and other factors that impact stockholder value.

Our compensation decisions with respect to executive officer salaries, annual incentives, and long-term incentive compensation opportunities are influenced by: (i) the executive's level of responsibility and experience, (ii) our overall performance and profitability, (iii) our assessment of the competitive dynamics of the markets we operate in, and (iv) other factors we may deem relevant. Our philosophy is to focus on total direct compensation opportunities through a mix of base salary, annual non-equity incentive plan payments, and, after the closing of this offering, long-term incentives, including stock-based awards. In setting the pay of our named executive officers, we have historically not significantly relied on formal benchmarking or peer group data, but we do consider general information related to compensation at other private companies.

We also believe that the best way to directly align the interests of our executives with the interests of our stockholders is to make sure that a portion of the pay of our named executive officers is linked to increases in our stock value. Beginning in 2012, we intend to pursue this objective through equity-based long-term incentive awards.

We view each component of executive compensation as related but distinct, and we also review total compensation of our executive officers to ensure that our overall compensation objectives are met. Not all elements are provided to each executive officer.

Our philosophy is to tie a significant percentage of an executive officer's compensation to performance, including, after the closing of this offering, to stockholder returns. We strive to keep base salary at a competitive level while providing our named executive officers with the opportunity to be rewarded through annual incentive payments and, after the closing of this offering, periodic equity grants that will reward our executives if we perform well over time. To this end, we used non-equity incentive plan compensation to reward company and individual performance in the prior year, and, after the closing of this offering, we will use equity awards to provide long-term incentives to our senior executives.

We have not retained a compensation consultant to review our policies and procedures with respect to executive compensation, although the compensation committee may elect in the future to retain a

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compensation consultant, if it determines that doing so would assist it in implementing and maintaining our compensation philosophy and goals.

Elements of Compensation

Our executive compensation consists of the elements set forth below. Determinations regarding any one element of compensation affect determinations regarding each other element of compensation.

Base Salary

Base salaries for our named executive officers are established based upon the scope of their responsibilities, taking into account the compensation levels from their recent prior employment. Base salaries are reviewed annually and adjusted from time to time in view of each named executive officer's individual responsibilities, individual and company performance, and experience. The current base salaries for our named executive officers are set forth in "Management Compensation of Our Named Executive Officers Summary Compensation Table" below.

Annual Non-Equity Incentive Plan

Our board of directors and, after the closing of this offering, our compensation committee have the authority to award discretionary annual non-equity incentive plan payments to our named executive officers and other employees. These payments are intended to compensate our named executive officers and other employees for individual performance, for our overall financial performance, and for achieving important milestones. Payment levels vary depending on the individual recipient and generally take into account such factors as our overall financial performance, including our liquidity position; the recipient's individual performance; and other operating and non-operating elements we deem relevant. Our non-equity incentive plans do not provide for threshold or maximum amounts, but, rather, provide for a single estimated payout based on accomplishing the designated performance measures. A recipient may receive an incentive award even if all of the performance measures have not been met. We may also make additional discretionary cash incentive payments to key employees who contribute significantly to our strategic and long-term performance objectives and growth.

Non-equity incentive plan payments ordinarily are determined and communicated to our employees following the completion and delivery of our annual audit. Our employees, including our executives, are not entitled to any non-equity incentive plan payment unless they are employed by us on the date of payment. Incentive payments, if any, are paid in a single installment, typically in the first quarter of the year. Our board of directors uses financial measures to determine the aggregate incentive pool and makes incentive payments to individuals at its discretion based on non-financial criteria. Non-financial criteria for evaluating individual performance include specific goals or achievements that employees may set for themselves with management oversight at the beginning of a year or other intangible performance objectives, including completion of certain project milestones or improving a specific skill set relating to a given employee's position.

Our board of directors has typically used target Bank EBITDA (see "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness Bank EBITDA") to determine the size of the incentive pool.

2011 Non-Equity Incentive Plan

For 2011, our board of directors set target Bank EBITDA at $46.6 million and the size of the potential pool at approximately $1.8 million multiplied by the percentage of target Bank EBITDA actually achieved. No pool would be established if actual Bank EBITDA were less than 80% of target Bank EBITDA and no additional incentive payments would be paid if Bank EBITDA exceeded 150% of target Bank EBITDA. The incentive pool was subject to increase or decrease at the board's discretion, and our board of directors

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could consider other financial measures, such as accounts receivable, and non-financial measures in determining whether to increase or decrease the size of the pool. Our board of directors determined that no incentive payments were payable for 2011.

Long-Term Equity Incentives

We intend to adopt a 2012 Long-Term Incentive Plan concurrently with the closing of this offering. The goal of the plan is to align the interests of our executive officers with the interests of our stockholders. Because vesting is based on continued employment, our equity-based incentives are also intended to encourage the retention of our named executive officers and other employees through the vesting period of the awards. In determining the size of the long-term equity incentives awarded to our named executive officers and other employees, we will take into account a number of internal factors, such as the relative job scope, the value of existing long-term incentive awards, individual performance history, prior contributions to us, and the size of prior grants, as well as general information related to compensation at other companies.

We intend to reserve 417,649 shares of our common stock for issuance under the plan, 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. We intend to grant RSUs to our named executive officers concurrently with the closing of this offering as set forth in the following table.

Name and principal position	RSUs(1)
Udo Rieder, President and Chief Executive Officer(2)	110,257
Charles Ryan, Senior Vice President and Chief Financial Officer(3)	48,642
H.E. "Mac" McClaren, Vice President, Aerial Services(3)	19,456
David Ford, Vice President of Manufacturing and MRO(4)	19,456
Edward Rizzuti, Vice President, General Counsel, and Corporate Secretary(4)	16,214

(1) Each RSU entitles the holder to receive one share of our common stock. Each grant of RSUs to our named executive officers will vest in accordance with the vesting schedule set out in the executive officer's RSU agreement. On the grant date, a portion of the RSUs will vest immediately based on the number of years the executive officer has been employed by us.

(2) Four-fifths of the number of RSUs subject to the awards will vest on the grant date and one-fifth of the number of RSUs subject to the awards will vest on the first anniversary of the grant date.

(3) Three-fifths of the number of RSUs subject to the awards will vest on the grant date and one-fifth of the number of RSUs subject to the awards will vest on each of the first and second anniversaries of the grant date.

(4) Two-fifths of the number of RSUs subject to the awards will vest on the grant date and one-fifth of the number of RSUs subject to the awards will vest on each of the first, second, and third anniversaries of the grant date.

Severance Benefits

We have entered into employment agreements with all of our named executive officers that provide severance benefits to such officers, as detailed in the section of this prospectus entitled "Potential Payments upon Termination or Change in Control." We believe that these severance and change in control benefits are essential elements of our executive compensation and assist us in recruiting and retaining talented executives.

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Other Compensation

All of our executive officers are eligible to participate in our employee benefit plans, including medical, dental, and 401(k) plans. These plans are available to all employees and do not discriminate in favor of our executive officers. Certain of our named executive officers are also eligible for reimbursements for relocation expenses, temporary housing, and/or commuting expenses. We do not view perquisites as a significant element of our comprehensive compensation structure.

Assessment of Risk

Our board of directors has determined that our compensation policies do not pose risks that are reasonably likely to result in a material adverse effect on us. The base salary component of our compensation program is a fixed amount and does not depend on performance. Our non-equity incentive plans may take into account multiple non-financial metrics, diversifying the risk associated with any single performance metric, and we believe they do not incentivize our executive officers to focus exclusively on short-term outcomes. Grants under the 2012 Long-Term Incentive Plan we are adopting concurrently with the closing of this offering will be limited by the terms of the plan to a fixed maximum specified in the plan, and we expect will typically be subject to vesting requirements to align the long-term interests of our executive officers with those of our stockholders.

Internal Revenue Code Section 162(m)

Section 162(m) of the Code generally limits a tax deduction for any publicly held corporation of certain items of compensation paid to the chief executive officer and the three most highly compensated executive officers (other than the chief financial officer) to $1,000,000 annually per officer, unless the compensation qualifies as "performance-based" or is otherwise exempt from Section 162(m). As our shares of common stock have not been publicly held, we have not previously taken this deductibility limit into consideration in setting compensation. Under a transition rule, for a limited period of time after a company becomes publicly held, the deduction limits do not apply to any compensation paid pursuant to a compensation plan or agreement that existed during the period in which the company was not publicly held. We expect that the compensation committee will adopt a policy to consider the potential impact of Section 162(m) on compensation decisions but to ultimately maintain flexibility to approve compensation for an executive officer that does not meet the deductibility requirements of Section 162(m) in order to provide competitive compensation packages.

Compensation of Our Named Executive Officers

Set forth below is information concerning the cash and non-cash compensation earned by, awarded to, or paid to our named executive officers during 2011, 2010, and 2009. They did not participate in or have account balances under any pension or nonqualified deferred compensation plans. The potential payments to be made to a named executive officer upon a termination of employment or change in control of the Company are described in the section of this prospectus entitled "Potential Payments upon Termination or Change in Control."

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Summary Compensation Table

Name and principal position	Year	Salary ($)	Bonus ($)	Non-equity incentive plan compensation ($)(1)	All other compensation ($)	Total ($)
Udo Rieder, President and Chief Executive Officer	2011	300,060				300,060
	2010	300,060				300,060
	2009	311,538		233,199		544,737
Charles Ryan, Senior Vice President and Chief Financial Officer(2)	2011	280,060				280,060
	2010	291,260				291,260
	2009	274,615	100,000(2)	139,252	55,050(2)	568,917
H.E. "Mac" McClaren, Vice President, Aerial Services(3)	2011	200,060				200,060
	2010	205,060			50,451(3)	255,511
	2009	194,615		77,573	6,000(3)	278,188
David Ford, Vice President of Manufacturing and MRO(4)	2011	200,060				200,060
	2010	100,060			43,045(4)	143,105
Edward Rizzuti, Vice President, General Counsel, and Corporate Secretary(5)	2011	175,829	15,000(5)			190,829
	2010	67,368				67,368

(1) Annual non-equity incentive plan compensation is typically paid in the quarter following completion of our audit. Amounts are paid only if the executive is employed with us at the time of payment. Amounts earned for performance in 2009 were paid in 2010.

(2) Mr. Ryan commenced employment with us on January 5, 2009. His compensation for 2009 reflects the partial year of employment. We paid $55,050 of Mr. Ryan's relocation expenses and $100,000 as a hiring bonus.

(3) Mr. McClaren commenced employment with us on January 7, 2009. His compensation for 2009 reflects the partial year of employment. We paid $50,451 and $6,000 of Mr. McClaren's relocation expenses in 2010 and 2009, respectively.

(4) Mr. Ford commenced employment with us on June 28, 2010. His compensation for 2010 reflects the partial year of employment. We paid $43,045 of Mr. Ford's relocation expenses.

(5) Mr. Rizzuti commenced employment with us on August 13, 2010. His compensation for 2010 reflects the partial year of employment. Mr. Rizzuti received a signing bonus of $15,000 relating to his hire. The bonus was paid in 2011 after the completion of the audit of our financial statements for 2010.

Grants of Plan-Based Awards

The following table summarizes information regarding potential awards of non-equity incentive compensation for our named executive officers in 2011 that would have been paid if we had met our target

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Bank EBITDA. Our board of directors has determined that no awards of non-equity incentive compensation will be made for 2011.

		Estimated future payouts under non-equity incentive plan awards(1)		
Name	**Grant date**	**Threshold**	**Target**	**Maximum**
Udo Rieder, President and CEO	March 31, 2011	$ 120,000	$ 150,000	$ 225,000
Charles Ryan, Senior Vice President and CFO	March 31, 2011	$ 112,000	$ 140,000	$ 210,000
H.E. "Mac" McClaren, Vice President, Aerial Services	March 31, 2011	$ 64,000	$ 80,000	$ 120,000
David Ford, Vice President of Manufacturing and MRO	March 31, 2011	$ 64,000	$ 80,000	$ 120,000
Edward Rizzuti, Vice President, General Counsel, and Corporate Secretary	March 31, 2011	$ 35,166	$ 43,957	$ 65,936

(1) Our 2011 non-equity incentive plan provides for an estimated payout based on accomplishing designated performance measures. A recipient may receive an incentive award even if all of the performance measures have not been met. If 80%, 100%, and 150% of target Bank EBITDA had been achieved, the aggregate estimated potential payouts under the 2011 non-equity incentive plan would have been approximately $1.4 million, $1.8 million, and $2.7 million, respectively. The threshold, target, and maximum amounts above are based upon an incentive pool of $1.4 million, $1.8 million, and $2.7 million, respectively. Each of Messrs. Rieder and Ryan was eligible for an incentive payment equal to 50% of his annualized base salary, each of Messrs. McClaren and Ford was eligible for an incentive payment equal to 40% of his annualized base salary, and Mr. Rizzuti was eligible for an incentive payment equal to 25% of his annualized base salary. A description of this non-equity incentive plan is included in " Elements of Compensation 2011 Non-Equity Incentive Plan."

Employment Agreements

We have entered into employment agreements with each of Messrs. Rieder, Ryan, McClaren, Ford, and Rizzuti providing for the payment of an annual base salary and non-equity incentive plan payment opportunities, as well as participation by each of them in the benefit plans and programs generally maintained by us for senior executives from time to time.

We or the employee may terminate the applicable employment agreement at any time. Upon termination of employment by us without "cause," by the executive for "good reason" following a "change in control," or as a result of the executive's death or disability, the executive is entitled to receive: (1) a basic termination payment equal to (i) his base salary earned through the date of termination, plus (ii) continued payment of his base salary for a specified time following the termination date; and (2) continuation of health benefits for a specified period of time after termination of employment at the same rate that was paid by the executive before termination of employment.

Summaries of the specific severance payments and continuation periods for health benefits for the named executive officers are provided below:

Mr. Rieder is entitled to receive: (i) a monthly sum equal to his monthly base salary in effect at such time for a period of 12 months and (ii) continuation of health benefits for Mr. Rieder and his family for that same period.

Mr. Ryan is entitled to receive: (i) a monthly sum equal to his monthly base salary in effect at such time for a period of 12 months and (ii) continuation of health benefits for Mr. Ryan and his family for that same period.

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Mr. McClaren is entitled to receive: (i) a monthly sum equal to his monthly base salary in effect at such time for a period of nine months and (ii) continuation of health benefits for Mr. McClaren and his family for that same period.

Mr. Ford is entitled to receive: (i) a monthly sum equal to his monthly base salary in effect at such time for a period of nine months and (ii) continuation of health benefits for Mr. Ford and his family for that same period.

Mr. Rizzuti is entitled to receive: (i) a monthly sum equal to his monthly base salary in effect at such time for a period of nine months and (ii) continuation of health benefits for Mr. Rizzuti and his family for that same period.

The employment agreements each contain confidentiality, non-compete, and non-solicitation provisions, and subject severance to the executive executing a general release of all claims against us and our affiliates.

Potential Payments upon Termination or Change in Control

The table below reflects the amount of compensation payable to each named executive officer in the event of termination of the executive's employment for various reasons. The table does not include payments that would be made to a named executive officer under benefit plans or employment terms generally available to other salaried employees similarly situated, such as group life or disability insurance. The amounts shown assume termination of employment as of December 31, 2011, the last day of our 2011 fiscal year.

If each of Messrs. Rieder's, Ryan's, McClaren's, Ford's, and Rizzuti's employment had been terminated on December 31, 2011 by us without cause, by the executive for good reason following a change in control, or as a result of the executive's death or disability, we would have paid the following amounts:

Name	Severance Payment	Health Benefits	Total
Udo Rieder	$ 300,000	$ 14,220	$ 313,897
Charles Ryan	$ 280,000	$ 12,600	$ 293,944
H.E. "Mac" McClaren	$ 150,000	$ 64	$ 150,628
David Ford	$ 112,500	$ 7,069	$ 119,963
Edward Rizzuti[1]			

(1) No amounts are presented for Mr. Rizzuti because he did not have an employment contract effective at December 31, 2011 and therefore he was not entitled to severance payments as of such date.

In each of Messrs. Rieder's, Ryan's, McClaren's, Ford's, and Rizzuti's executive employment agreements:

"Cause" means:

a breach of any material provision of his employment agreement or the proprietary rights, invention assignment, and confidentiality agreement;

fraud or an act of dishonesty in connection with his employment;

gross misconduct or gross negligence;

willful or habitual neglect in the performance of his duties after having received written notice calling his attention to the deficiency and requiring improvement;

the making of disparaging remarks about us, our products, employees, services, or other business, or otherwise causing any injury to our economic or ethical welfare;

sexual or any other prohibited form of harassment or discrimination;

violation of any of our material policies, procedures, or guidelines; or

engaging in any of the following forms of misconduct: commission of any felony or misdemeanor involving dishonesty or moral turpitude; theft or misuse of our property or time; insubordination; appearing on our premises while intoxicated or while under the influence of controlled substances; illegal gambling on our premises; or falsifying any document or making any false or misleading statement relating to his employment by us.

"Good Reason" means a material reduction in his duties, level of responsibility, or authority, other than reductions solely attributable to our becoming a subsidiary or division of another company or isolated incidents that are promptly remedied by us.

A "Change of Control" occurs upon the completion of any of the following events in a single transaction or in a series of related transactions:

a merger or consolidation in which we are not the surviving entity, except for a transaction the principal purpose of which is to change the state of our incorporation or a transaction in which 50% or more of the surviving entity's outstanding voting stock following the transaction is held by holders who held 50% or more of our outstanding voting stock before the transaction;

the sale, transfer, or other disposition of all or substantially all of our assets;

any reverse merger in which we are the surviving entity if, immediately after the merger, 50% or more of our outstanding voting stock is transferred to holders different from those who held the stock immediately before the merger; or

the acquisition by any person (or entity), directly or indirectly, of 50% or more of the combined voting power of the outstanding shares of our common stock.

2012 Long-Term Incentive Plan

Before the closing of this offering, we plan to adopt a 2012 Long-Term Incentive Plan and to submit such plan to our pre-offering stockholders for approval. We intend to reserve 417,649 shares of our common stock for issuance under the plan, 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. The following description of our 2012 Long-Term Incentive Plan and the shares that are available for future awards thereunder is qualified in its entirety by the full text of the plan, which will be filed with the SEC as an exhibit to the registration statement of which this prospectus is a part.

Eligibility; Types of Awards. Selected employees, officers, and directors of ours and any of our subsidiaries will be eligible to participate in the plan. The plan will provide for the grant of incentive stock options that qualify under Section 422 of the Internal Revenue Code of 1986 (subject to the plan's stockholder approval), nonqualified stock options, restricted stock, RSUs, stock bonuses, and stock appreciation rights. Incentive stock options may be granted only to our employees, including officers, or employees of any of our subsidiaries. Nonqualified stock options, and all awards other than incentive stock options, may be granted to our employees, officers, and directors. Our board of directors may elect, in its sole discretion, to grant an award in exchange for the cancellation of an existing award.

Administration. The plan will be administered by an independent committee of our board of directors, which has the authority to determine which eligible individuals should receive awards, the type and amount of the awards, and the other terms and conditions of the awards (including vesting and cancellation provisions) and has the full authority to interpret the plan. Such independent committee may delegate to our chief executive officer or to a committee of our officers any or all authority for administering the plan, subject to certain limitations.

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Term of Plan; Amendments. We expect the plan to be in effect until all shares available for issuance under the plan are issued and all restrictions on the shares have lapsed. However, no incentive stock options will be granted under the plan on or after the 10th anniversary of the last action by our board of directors, subsequently approved by our stockholders within 12 months of such action, adopting the plan or approving an increase in the number of shares available for issuance under the plan. Our board of directors may at any time modify or amend the plan in any respect, subject to applicable laws, rules and regulations, and requirements of NASDAQ Marketplace Rules. However, no change in an award already granted under the plan may generally be made without the written consent of the award holder if the change would adversely affect the holder.

Stock Options. Our board of directors will determine whether a stock option is granted as an incentive stock option or a nonqualified stock option. The exercise price per share of incentive stock options may not be less than the fair market value of our common stock at the date of the grant, and the maximum term of incentive stock options will be 10 years. The aggregate market value, on the date of the grant, of the common stock for which incentive stock options are exercisable for the first time by an employee during any calendar year may not exceed $100,000. For grantees who own more than 10% of the total combined voting power of the Company or our parent or subsidiaries, incentive stock options must have an exercise price of not less than 110% of the fair market value of the common stock underlying the option and a maximum term of five years. The exercise price per share of nonqualified stock options may be any amount determined by our board of directors, and nonqualified stock options may have any term fixed by the board of directors.

Stock Appreciation Rights. The plan will provide that our board of directors may grant stock appreciation rights, which entitle the person who exercises the rights to receive an amount equal to the difference between the fair market value of the common stock subject to the right at the time of exercise and the time of grant, in the amounts and subject to such terms, conditions, and restrictions as the board of directors determines.

Restricted Stock; Restricted Stock Units; Performance-Based Awards; Stock Bonuses. The plan will provide that our board of directors may issue restricted stock, RSUs, performance-based awards, or stock bonuses in the amounts and subject to such terms, conditions, and restrictions as the board of directors determines. Restricted stock, RSUs, and performance-based awards may be issued for any consideration determined by our board of directors, and all restricted stock and RSUs issued under the plan shall be subject to purchase agreements.

Changes in Capital Structure. The plan will authorize our board of directors to make appropriate adjustments in outstanding options and awards and in shares reserved under the plan in the event of a stock split, recapitalization, or certain other transactions. The board of directors also will have discretion to convert options, to limit the exercise period of outstanding options, and to accelerate the exercisability of options in the event of merger or certain other changes in our capital structure.

Retirement Benefits

We do not provide our named executive officers with supplemental or other retirement benefits other than eligibility to participate in our broad-based 401(k) plan.

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CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

In addition to the director and executive officer compensation arrangements discussed above under "Executive Compensation," the following is a description of the transactions and series of similar transactions, during our last three fiscal years, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers, or holders of more than 5% of our common stock, or any member of their immediate family, had or will have a direct or an indirect material interest.

Registration Rights Agreement

We are party to an amended and restated registration rights agreement among us and ZM EAC LLC, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P., our stockholders prior to this offering, which provides that ZM EAC LLC will have the right to demand that we register its shares for sale to the public. Those stockholders waived their registration rights with respect to this offering. Once we become subject to periodic reporting requirements under the Exchange Act, ZM EAC LLC will have the right to require that we register its shares under the Securities Act for sale to the public. If ZM EAC LLC exercises its demand registration right, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. will have the opportunity to include their shares in the registration. We must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with the exercise of these demand registration rights.

In addition, ZM EAC LLC, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P., our stockholders prior to this offering, have piggyback registration rights, which means that they have the right to include their shares in any registration that we effect under the Securities Act, other than a registration effected pursuant to an exercise of demand registration rights, subject to specified exceptions. We must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with these piggyback registration rights.

We are unable to estimate the dollar value of registration rights to the holders of these rights. The amount of reimbursable expenses under the registration rights agreement depends on a number of variables, including whether registration rights are exercised incident to a primary offering by us, the form on which we are eligible to register such a transaction, and whether we have a shelf registration in place at the time of a future offering. For a more detailed description of these registration rights, see "Description of Capital Stock Registration Rights."

Management Stockholders Agreement

We are a party to a management stockholders agreement with ZM EAC LLC, ZM Private Equity Fund I, L.P., ZM Private Equity Fund II, L.P., and certain of our executives. The management stockholders agreement restricts the transfer of the shares of our stock held by our executive officers, provides us with a right of first refusal (and ZM EAC LLC, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P. with a right of second refusal) with respect to those shares, and provides us with a right to repurchase those shares in defined circumstances. In addition, the agreement grants ZM EAC LLC, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P. a bring-along right in connection with specified stock sales by them. The agreement also provides our executive officers with a tag-along right in connection with the specified transfers of shares by ZM EAC LLC, ZM Private Equity Fund I, L.P., or ZM Private Equity Fund II, L.P. We intend to terminate this agreement concurrently with the closing of this offering.

Other Transactions

We have employment agreements with our chief executive officer and other executive officers that, among other things, provide for certain severance and change of control benefits. We intend to enter into RSU agreements with certain members of our senior management concurrently with the closing of this offering. For a description of the employment agreements, see "Executive Compensation Employment Agreements."

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We have indemnification agreements with each of our current directors and executive officers, and some employees. See "Management Limitation on Liability and Indemnification Matters."

On January 8, 2010, upon payment of $0.5 million, we terminated our management services agreement with Stonehouse Erickson Management Co. LLC, an affiliate of former stockholders of ours. We paid Stonehouse Erickson Management Co., LLC a management fee of $125,000 in 2007, $500,000 in 2008, and $125,000 in 2009 under that management services agreement.

On June 30, 2010, concurrently with the entry into our current senior credit facilities, we used proceeds from such facilities to pay down $11.5 million of our $20.0 million second lien debt owed to ZM Private Equity Fund II, L.P., which is one of our stockholders, and 10th Lane Finance Co., LLC, an affiliate of ours through common ownership, under the Second Lien Credit Agreement, with the remaining $8.5 million exchanged for unsecured subordinated promissory notes. See "Management's Discussion and Analysis Liquidity and Capital Resources." We believe the terms of the notes are as fair to us as those that would have been available to us in arm's-length negotiations with an unrelated party.

On June 30, 2011, in connection with an amendment to the Credit Agreement, an additional $10.0 million of unsecured subordinated promissory notes were issued to ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. which accrue interest at a rate of 20.0% per annum, which is payable in kind by increasing the principal amount of such notes and is payable quarterly. No periodic payments of cash principal or interest are required and the notes mature on June 30, 2016. Additionally, in connection with the Working Capital Guarantee Credit Agreement, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. issued $1.0 million in unsecured subordinated promissory notes. 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. See "Management's Discussion and Analysis Liquidity and Capital Resources." We believe the terms of the loan are as fair to us as those that would have been available to us in arm's-length negotiations with an unrelated party.

Participation in this Offering

Entities affiliated with ZM Equity Partners, LLC have indicated an interest in purchasing an aggregate of at least 750,000 and up to 1,250,000 shares of our common stock from the underwriters in this offering. As of April 4, 2012, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. beneficially owned 13.9% and 6.0%, respectively, of our common shares prior to this offering. Quinn Morgan serves on our board of directors and is the managing member of Q&U Investments LLC, an affiliate of both ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. Such purchases, if any, would be made at the public offering price.

Policies and Procedures for Related Party Transactions

Our board of directors has adopted a written statement of policy requiring our audit committee to review any transactions with related persons, as defined in Item 404 of Regulation S-K, or in which a related person has a direct or an indirect interest, and determine whether to ratify or approve the transaction. Our related party transaction policy provides that a transaction may only be ratified or approved if the committee determines that it is fair to us or otherwise in our interest. Certain types of transactions have been pre-approved by the committee under the policy. These pre-approved transactions include: (i) certain compensation arrangements; (ii) transactions in the ordinary course of business where the related party's interest arises only (a) from his or her position as a director of another entity that is party to the transaction, (b) from an equity interest of less than 5% in another entity that is party to the transaction, or (c) from a limited partnership interest of less than 5%, subject to certain limitations; and (iii) transactions in the ordinary course of business where the interest of the related party arises solely from the ownership of a class of our equity securities where all holders of such class of equity securities will receive the same benefit on a pro rata basis. No director may participate in the approval of a related party transaction for which he or she is a related party.

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PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our capital stock as of April 4, 2012 for:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of the outstanding shares of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership of a security is determined according to the rules of the SEC and generally means that a person possesses sole or shared voting or investment power with respect to that security, including as to any securities a person has the right to acquire within 60 days after the measurement date. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown that they beneficially own, subject to community property laws where applicable.

The table lists beneficial ownership prior to the offering on a pro forma basis after giving effect to the completion of the recapitalization described under "Explanatory Note Regarding Recapitalization." This table lists applicable percentage ownership prior to the offering based on 4,802,970 shares of common stock outstanding as of April 4, 2012 and applicable percentage ownership after the offering based on 9,602,970 shares of common stock outstanding upon the closing of the offering. If the underwriters exercise the overallotment option to purchase additional shares, those shares will be sold by us and will increase the aggregate shares outstanding.

Unless otherwise noted below, the address for each of the stockholders in the table below is c/o Erickson Air-Crane Incorporated, 5550 SW Macadam Avenue, Suite 200, Portland, Oregon 97239.

	Shares Beneficially Owned Before the Offering		Shares Beneficially Owned After the Offering	
Name and Address of Beneficial Owner	**Number of Shares Beneficially Owned[1]**	**Percent**	**Number of Shares Beneficially Owned[1]**	**Percent**
5% Stockholders:				
ZM EAC LLC	3,850,125[2]	80.1%	3,850,125	37.3%
ZM Private Equity Fund I, L.P.	666,991[2]	13.9%	666,991[3]	6.5%
ZM Private Equity Fund II, L.P.	285,854[2]	6.0%	285,854[4]	2.8%
Named Executive Officers and Directors:				
Udo Rieder				
Charles Ryan				
H.E. "Mac" McClaren				
David Ford				
Edward Rizzuti				
Quinn Morgan[2]	4,802,970[5]	100%	4,802,970[5]	46.5%
Kenneth Lau	[6]			
Hank Halter				
Gary R. Scott				
Meredith R. Siegfried				
James L. Welch				
All executive officers and directors as a group (12 persons)	4,802,970	100%	4,802,970	46.5%

* Represents beneficial ownership of less than 1% of the outstanding common stock.

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The number of shares below assumes full exercise of the overallotment option.

(1) Shares shown in the table above include shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee, or trustee for the beneficial owner's account. Under the terms of the RSU agreements, payment of shares underlying vested RSUs granted concurrently with the closing of this offering to our executive officers and directors will be deferred for more than 60 days after the grant date. As a result, such shares are not beneficially owned and are not presented in this table.

(2) Mr. Morgan serves on our board of directors and is the managing member of ZM EAC LLC and Q&U Investments LLC. Q&U Investments LLC is the managing member of ZM Private Equity Fund I GP, LLC, which is the general partner of ZM Private Equity Fund I, L.P. Q&U Investments LLC is also the managing member of ZM Private Equity Fund II GP, LLC, which is the general partner of ZM Private Equity Fund II, L.P. Accordingly, Mr. Morgan may be deemed to have sole voting and investment power with respect to the shares held by ZM EAC LLC, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P. Mr. Morgan disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein. The address of each of the parties is 60 East 42nd Street, Suite 1400, New York, NY 10165.

(3) ZM Private Equity Fund I, L.P. has indicated its interest in purchasing a minimum of 525,000 shares and a maximum of 875,000 shares from the underwriters in connection with the offering. Assuming the maximum number of shares are purchased by ZM Private Equity Fund I, L.P., then the number of shares beneficially owned by it after the offering would be 1,541,991 shares, representing 16.1% of the 9,602,970 shares of common stock outstanding upon the closing of the offering.

(4) ZM Private Equity Fund II, L.P. has indicated its interest in purchasing a minimum of 225,000 shares and a maximum of 375,000 shares from the underwriters in connection with the offering. Assuming the maximum number of shares are purchased by ZM Private Equity Fund II, L.P., then the number of shares beneficially owned by it after the offering would be 660,854 shares, representing 6.9% of the 9,602,970 shares of common stock outstanding upon the closing of the offering.

(5) Consists of 3,850,125 shares owned by ZM EAC LLC, 666,991 shares owned by ZM Private Equity Fund I, L.P., and 285,854 shares owned by ZM Private Equity Fund II, L.P., as such amounts may be adjusted for any shares purchased the Purchasing Stockholders in connection with the offering. Assuming the maximum number of shares are purchased by such entities in connection with the offering, then the number of shares beneficially owned by Mr. Morgan after the offering would be 6,052,970 shares, representing 63.0% of the 9,602,970 shares of common stock outstanding upon the closing of the offering. Mr. Morgan disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

(6) Mr. Lau serves on our board of directors and is a member of ZM Private Equity Fund I GP, LLC, which is the general partner of ZM Private Equity Fund I, L.P., and he is a member of ZM Private Equity Fund II GP, LLC, which is the general partner of ZM Private Equity Fund II, L.P. Mr. Lau disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein. The address of each of the parties is 60 East 42nd Street, Suite 1400, New York, NY 10165.

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DESCRIPTION OF CAPITAL STOCK

We will complete a recapitalization and amend and restate our certificate of incorporation prior to the closing of this offering. The following description of our capital stock gives effect to our recapitalization and assumes the amendment and restatement of our certificate of incorporation. See "Explanatory Note Regarding Recapitalization."

Common Stock

Our certificate of incorporation authorizes us to issue up to 110,000,000 shares of common stock, par value $0.0001 per share, of which 9,602,970 shares will be issued and outstanding immediately after the closing of this offering. Our certificate of incorporation provides that the holders of our common stock are entitled to one vote per share on all matters to be voted on by our stockholders. After payment of any dividends due and owing to the holders of our preferred stock, holders of our common stock will be entitled to receive dividends declared by our board of directors out of funds legally available for dividends. In the event of our liquidation, dissolution, or winding up, holders of our common stock will be entitled to share in all assets remaining after payment of liabilities and liquidation preferences of outstanding shares of our preferred stock. Holders of our common stock have no preemptive, conversion, subscription, or other rights. There are no redemption or sinking fund provisions available to holders of our common stock.

Limited Voting by Foreign Owners

To comply with restrictions imposed by federal law on foreign ownership of domestic common carriers that may apply to our operations, our second amended and restated certificate of incorporation restricts voting of shares of our capital stock by non-U.S. citizens. The restrictions imposed by federal law require that at least 75% of our voting stock be owned by persons who are U.S. citizens. Our second amended and restated certificate of incorporation further provides that the voting rights of the shares held by non-U.S. citizens shall be proportionally reduced so that the voting rights would not exceed the foreign ownership restrictions imposed by federal law.

Preferred Stock

Our certificate of incorporation provides that our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of preferred stock, par value $0.0001 per share. Our board of directors is able to issue preferred stock in one or more series and determine the rights, preferences, privileges, qualifications, and restrictions granted to or imposed upon our preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preferences, and sinking fund terms, any or all of which may be greater than the rights of our common stock. Issuances of preferred stock could adversely affect the voting power of holders of our common stock and reduce the likelihood that holders of our common stock will receive dividend payments and payments upon liquidation. Any issuance of preferred stock also could have the effect of decreasing the market price of our common stock and could delay, deter, or prevent a change in control of the Company. We have no present plans to issue any shares of preferred stock.

Registration Rights

Substantially all of our stockholders prior to this offering are parties to an amended and restated registration rights agreement dated April 21, 2010. The terms of the registration rights agreement include provisions for demand registration rights and piggyback registration rights in favor of holders of our common stock. The demand and piggyback registration rights under the agreement terminate when the stockholders party to the agreement are first able to sell all of their shares under Rule 144 under the Securities Act within a three-month period. We and our stockholders have reciprocal indemnification obligations for misstatements in connection with the registration of our stockholders' shares, and these obligations survive the termination of the registration rights agreement. The stockholders waived their registration rights with respect to this offering.

Demand Registration Rights. Subject to the terms of the registration rights agreement, once we become subject to periodic reporting requirements under the Exchange Act, ZM EAC LLC will have the right to require that we register its shares under the Securities Act for sale to the public. If ZM EAC LLC exercises its demand registration right, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. will have the opportunity to include their shares in the registration. The underwriters in an underwritten offering have the right to limit on a pro rata basis the number of shares to be included in a registration statement filed in response to the exercise of these demand registration rights. We must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with the exercise of these demand registration rights.

Piggyback Registration Rights. ZM EAC LLC, ZM Private Equity Fund I, L.P., and ZM Private Equity Fund II, L.P. have piggyback registration rights under the terms of the registration rights agreement. The registration rights agreement provides that the stockholders with piggyback registration rights have the right to include their shares in any registration that we effect under the Securities Act, other than a registration effected pursuant to an exercise of demand registration rights, subject to specified exceptions. The underwriters of any underwritten offering have the right to limit on a pro rata basis the number of shares registered by these holders. We must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with these piggyback registration rights.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws

Our second amended and restated certificate of incorporation provides for our board of directors to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, our stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors. Our second amended and restated certificate of incorporation provides that, from and after the Trigger Date, all stockholder actions must be effected at a duly called meeting of stockholders and not by a consent in writing. In addition, our certificate of incorporation provides that only our board of directors or the chairman of our board may call a special meeting of stockholders. Prior to the Trigger Date, ZM EAC LLC, ZM Private Equity Fund I, L.P., or ZM Private Equity Fund II, L.P., as our controlling stockholders, also have the right to call a special meeting of stockholders.

Our second amended and restated certificate of incorporation requires a $66^2/_3$% stockholder vote for the alteration, amendment, or repeal of certain of its provisions. Further, stockholders may only remove directors for cause, as defined in our second amended and restated certificate of incorporation. The combination of the classification of our board of directors, the lack of cumulative voting, the $66^2/_3$% stockholder voting requirements, and the limitation on the ability of our stockholders to remove directors will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions may have the effect of deterring hostile takeovers or delaying changes in our control or management. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or a threatened acquisition of us. These provisions are designed to reduce our

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vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they may inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in our management.

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or an exchange offer; or

- on or after such date, the business combination is approved by our board of directors and authorized at an annual or a special meeting of the stockholders, and not by written consent, by the affirmative vote of at least $66^2/_3$% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation or any direct or indirect majority owned subsidiary of the corporation and the interested stockholder or any other corporation, partnership, unincorporated association, or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation the transaction is not excepted as described above;

- any sale, transfer, pledge, or other disposition (in one transaction or a series) of 10% or more of the assets of the corporation involving the interested stockholder;

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or

- the receipt by the interested stockholder of the benefit of any loss, advances, guarantees, pledges, or other financial benefits by or through the corporation.

In general, Section 203 defines an "interested stockholder" as an entity or a person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Listing

We have applied to list our common stock on The NASDAQ Global Market under the symbol "EAC."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

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SHARES ELIGIBLE FOR FUTURE SALE

Future sales of our common stock in the public market, or the availability of those shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after those restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at that time and our ability to raise equity capital in the future.

Upon the closing of this offering, 9,602,970 shares of common stock will be outstanding. In addition, the following RSUs that we intend to issue concurrently with the closing of this offering will be outstanding: (1) 252,935 RSUs issued to certain members of our management and (2) 4,864 RSUs issued to our independent directors. Of the outstanding shares, all of the shares sold in the offering will be freely tradable, except that any shares held by or purchased from the underwriters in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, may only be sold in compliance with the limitations described below

All of our shares of common stock outstanding after this offering will be restricted as a result of RSU agreements or lock-up agreements described below. After the lock-up period expires, all shares will be eligible for resale in compliance with Rule 144 or Rule 701 to the extent those shares have been released from any repurchase option that we may hold. We issued and sold "restricted securities" as defined under Rule 144 in reliance on exemptions from the registration requirements of the Securities Act. These shares may be sold in the public market only if sold pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act.

Rule 144

In general, a person who beneficially owns restricted shares of our common stock for at least six months is entitled to sell his or her securities if that person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, the sale. A person who beneficially owns restricted shares of our common stock for at least six months and who is our affiliate at the time of, or was our affiliate any time during the 90 days preceding, a sale is subject to additional restrictions on the sale of securities. Those additional restrictions limit the number of securities such person may sell within any three-month period to the number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock then outstanding, which equals approximately 48,030 shares based on the number of shares of common stock outstanding immediately prior to the closing of this offering; or

- the average weekly trading volume of our common stock on NASDAQ during the four calendar weeks before the filing of a notice on Form 144 with respect to the sale.

Sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information, and notice provisions of Rule 144.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resales of shares in reliance upon Rule 144, but does not require the selling shareholder to comply with certain Rule 144 restrictions, including the Rule 144 holding period requirement. Most of our employees, executive officers, or directors who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. However, all of our holders of shares exempt under Rule 701 are required to wait until 90 days after the date of the prospectus relating to the offering before selling their shares; substantially all of the shares exempt under Rule 701 are subject to lock-up agreements described

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below and under the section of this prospectus entitled "Underwriting" and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Lock-Up Agreements

In connection with the offering, all of our existing stockholders signed lock-up agreements under which they agreed not to sell, transfer, or dispose of, directly or indirectly, any shares of our common stock or any securities into or exercisable or exchangeable for shares of our common stock without the prior written consent of the representative of the underwriters until 180 days after the closing of this offering, subject to extension under certain circumstances. These agreements are described below under "Underwriting." In addition, the purchase agreement will provide that any shares or rights to receive shares of our common stock that we issue to our directors, executives, and other employees will be subject to transfer restrictions restricting such persons from selling, transferring, or otherwise disposing of such shares or rights until at least 180 days after the completion of this offering. See "Executive Compensation 2012 Long-Term Incentive Plan."

Registration Rights

The holders of approximately 4,802,970 shares of our common stock, or their transferees, are entitled to certain rights with respect to the registration of those shares under the Securities Act. For a description of these registration rights, please see "Description of Capital Stock Registration Rights." After these shares are registered, they will be freely tradable without restriction under the Securities Act.

Equity Awards under Our 2012 Long-Term Incentive Plan

Immediately after the closing of this offering, we intend to file a Form S-8 registration statement under the Securities Act to register shares of our common stock outstanding or reserved for issuance under our 2012 Long-Term Incentive Plan. The shares covered by the Form S-8 registration statement will be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above, and Rule 144 limitations applicable to affiliates. For a more complete discussion of our long-term incentive plan, see "Executive Compensation 2012 Long-Term Incentive Plan."

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material United States federal income tax consequences to non-U.S. holders (as defined below) of the acquisition, ownership, and disposition of our common stock issued pursuant to this offering. This discussion is not a complete analysis of all the potential United States federal income tax consequences relating thereto, nor does it address any estate and gift tax consequences or any tax consequences arising under any state, local, or foreign tax laws, or any other United States federal tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended, the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (IRS), all as in effect as of the date of this offering. These authorities may change, possibly retroactively, resulting in United States federal income tax consequences different from those discussed below. No ruling from the IRS or opinion of counsel has been or will be sought with respect to the matters discussed below, and we cannot assure you that the IRS will not take a contrary position regarding the tax consequences of the acquisition, ownership, or disposition of our common stock, or that any such contrary position would not be sustained by a court.

This discussion is limited to non-U.S. holders who purchase our common stock issued pursuant to this offering and who hold our common stock as a "capital asset" within the meaning of the Internal Revenue Code (generally, property held for investment). This discussion does not address all of the United States federal income tax consequences that may be relevant to a particular holder in light of such holder's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to holders subject to special rules under the United States federal income tax laws, including, without limitation, shareholders, partners, beneficiaries, or other owners of a person holding our common stock; former citizens or residents of the United States subject to tax as expatriates; S Corporations; partnerships or other entities taxed as partnerships; real estate investment trusts; regulated investment companies; corporations that accumulate earnings to avoid United States federal income tax; banks or financial institutions; thrifts; insurance companies; brokers, dealers, or traders in securities, commodities, or currencies; tax-exempt organizations; tax-qualified retirement plans; persons subject to the alternative minimum tax; persons that own, or have owned, actually or constructively, more than 5% of our common stock; and persons holding our common stock as part of a hedging or conversion transaction or straddle, or a constructive sale, or other risk reduction strategy.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF OUR COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, OR FOREIGN TAX LAWS AND ANY OTHER UNITED STATES FEDERAL TAX LAWS OR UNDER ANY APPLICABLE TAX TREATY.

Definition of Non-U.S. Holder

For purposes of this discussion, a non-U.S. holder is a person that is not a "U.S. person" for United States federal income tax purposes. A U.S. person is any of the following:

- an individual citizen or resident of the United States;
- a corporation or partnership (including any entity treated as such for United States federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to United States federal income tax regardless of its source; or
- a trust (1) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial

decisions of the trust, or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

An individual may be treated as a resident of the United States in any calendar year by being present in the United States on at least 31 days in that calendar year and for an aggregate of at least 183 days during the three-year period ending in that calendar year. For purposes of determining days present in the United States, certain days that an individual is actually present in the United States are not taken into account. In addition, the 183-day test is determined by counting all of the days the individual is treated as being present in the current year, one-third of such days in the immediately preceding year and one-sixth of such days in the second preceding year.

Distributions on Our Common Stock

If we make distributions of cash or other property on our common stock, such distributions will constitute dividends for United States federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of our current or accumulated earnings and profits generally will constitute a return of capital and will first be applied against and reduce a holder's tax basis in the common stock, but not below zero. Any excess will be treated as gain realized on the sale or other disposition of the common stock and will be treated as described under "Gain on Disposition of Our Common Stock" below.

Dividends paid to a non-U.S. holder of our common stock, except as provided below with respect to dividends that are treated as effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, will be subject to United States federal withholding tax at a rate of 30% of the gross amount of the dividends, or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish to us or our paying agent a valid IRS Form W-8BEN (or applicable successor form) certifying such holder's qualification for the reduced rate. This certification must be provided to us or our paying agent prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide us or our paying agent with the required certification, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Dividends we pay to a non-U.S. holder that are treated as effectively connected with such holder's United States trade or business (and if required by an applicable income tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States) are not subject to United States federal withholding tax. Instead, such dividends generally will be subject to United States federal income tax on a net income basis at regular graduated United States federal income tax rates in much the same manner as if such holder were a resident of the United States. To inform us that dividends are not subject to United States federal withholding tax, the non-U.S. holder generally must furnish to us or our paying agent a properly executed IRS Form W-8ECI (or applicable successor form). This certification must be provided to us or our paying agent prior to the payment of dividends and must be updated periodically. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-U.S. holders are encouraged to consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

A non-U.S. holder who claims the benefit of an income tax treaty generally will be required to satisfy applicable certification and other requirements prior to the distribution date. Non-U.S. holders are encouraged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

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Gain on Disposition of Our Common Stock

Subject to the discussion below regarding backup withholding, a non-U.S. holder generally will not be subject to United States federal income tax on any gain realized upon the sale or other disposition of our common stock, unless:

- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year of the disposition (but nevertheless is treated as a nonresident alien because some or all of those days were not taken into account for purposes of determining whether the individual is a U.S. resident under the 183-day test described in the definition of "non-U.S. holder" above);

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States; or

- we are, or have been, a United States real property holding corporation (USRPHC) for United States federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our common stock, unless (i) our common stock is regularly traded on an "established securities market" as defined in applicable Treasury Regulations and (ii) the non-U.S. holder holds no more than 5% of our outstanding common stock, directly or indirectly, during the relevant period (the "5% exception"). Generally, we will be a USRPHC if the fair market value of our United States real property interests equals or exceeds 50% of the sum of the fair market value of our other trade or business assets, our United States real property interests, and our foreign real property interests, all as determined under applicable Treasury Regulations. Although we believe we are not currently and do not anticipate becoming a USRPHC for United States federal income tax purposes, no assurances can be made in this regard.

Gain realized on sale of our common stock by a non-U.S. holder described in the first bullet point above will be subject to United States federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), but may be offset by United States source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

Gain described in the second and third bullet points above will be subject to United States federal income tax on a net income basis at regular graduated United States federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. In addition, if we are determined to be a USRPHC and the 5% exception does not apply, then a purchaser may be required to withhold 10% of the proceeds payable to a non-U.S. holder from a sale or other taxable disposition of our common stock. This 10% withholding, if applicable, is not an additional tax, and amounts withheld may be credited against the non-U.S. holder's federal income tax liability. Non-U.S. holders are encouraged to consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

We generally must report annually to the IRS and to each non-U.S. holder the amount of distributions on our common stock paid to such holder and the amount of any tax withheld with respect to those distributions. These information reporting requirements apply even if no withholding was required. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established.

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The gross amount of dividends paid to a non-U.S. holder subject to information reporting that fails to certify its non-U.S. holder status in accordance with applicable Treasury Regulations may be subject to backup withholding, currently at a 28% rate (scheduled to increase to 31% on January 1, 2013). Generally, a non-U.S. holder furnishes the required certification by providing a valid IRS Form W-8BEN or IRS Form W-8ECI, as applicable. Notwithstanding the foregoing, backup withholding may apply if either we have or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

Recent Legislation Imposing Additional Disclosure Requirements on Holders that are Foreign Entities

Non-U.S. holders are encouraged to be aware of recently enacted legislation under sections 1471 through 1474 of the Internal Revenue Code that, beginning on January 1, 2013, will impose a 30% withholding tax on certain payments (which could include dividends in respect of our common shares and gross proceeds from the sale, exchange or other disposition of our common shares and gross proceeds from the sale, exchange or other disposition of our common shares) made to a foreign entity if such entity fails to satisfy certain disclosure requirements. Various requirements and exceptions are provided under the legislation and additional requirements and exceptions may be provided in subsequent guidance. **Non-U.S. holders are encouraged to consult their own tax advisors regarding the potential application and impact of the new requirements based upon their particular circumstances.**

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UNDERWRITING

Stifel, Nicolaus & Company, Incorporated is acting as representative of each of the underwriters named below. We and the underwriters named below, have entered into an underwriting agreement with respect to the shares of common stock being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares of common stock indicated in the following table.

Underwriter	Number of Shares
Stifel, Nicolaus & Company, Incorporated	
Oppenheimer & Co. Inc.	
Lazard Capital Markets LLC	
D.A. Davidson & Co.	
Wedbush Securities Inc.	
Total	

The expenses of the offering, not including the underwriting discounts and commissions, are estimated at $4.4 million and are payable by us. This includes all reasonable fees and disbursements of counsel to the underwriters in connection with FINRA's review of the terms of this offering, which are estimated as $25,000, and includes all reasonable documented out-of-pocket expenses of the underwriters (other than fees and disbursements of the underwriters' counsel), which are estimated as $75,000.

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares of common stock offered by this prospectus, other than those covered by the option to purchase additional shares described below, if any of these shares are purchased. The Purchasing Stockholders have expressed an interest in purchasing an aggregate of at least 750,000 and up to 1,250,000 shares of common stock from the underwriters at the initial public offering price. No underwriting discounts or commissions will be applicable with respect to any shares of common stock that are sold to the Purchasing Stockholders.

If the underwriters sell more shares of common stock than the total number set forth in the table above, the underwriters have an option to buy up to 720,000 shares of common stock from us to cover such excess sales. They may exercise that option for 30 days. If any shares of common stock are purchased pursuant to this option, the underwriters will severally purchase shares of common stock in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase an additional 720,000 shares of common stock.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$
Proceeds to us assuming full exercise of the underwriters' overallotment option	$	$	$

Shares of common stock sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. The underwriters may allow a concession of not more than $ per share to selected dealers. The underwriters may also allow, and those dealers may re-allow, a concession of not more than $ per share to some other dealers. If all the shares of common stock are not sold at the initial public offering price, the representative may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

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Lazard Frères & Co. LLC referred this transaction to Lazard Capital Markets LLC and will receive a referral fee from Lazard Capital Markets LLC in connection therewith.

We and our existing stockholders have agreed, subject to limited exceptions, with the underwriters not to sell or transfer any of our shares of common stock or securities convertible into or exchangeable or exercisable for shares of common stock without the prior written consent of the representative of the underwriters during the period from the date of this prospectus continuing through the date that is 180 days after the date of this prospectus. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell, or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right, or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock, whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

The 180-day restricted period described in the preceding paragraph may be extended by the representative of the underwriters by written notice to us if: (1) during the last 17 days of the initial 180-day restricted period we issue an earnings release or announce material news or a material event; or (2) prior to the expiration of the initial 180-day restricted period, we announce that we will release earnings results or we become aware that material news or a material event will occur during the 16-day period beginning on the last day of the initial 180-day period, then, in each case, the initial 180-day restricted period may be extended until the expiration of the 18-day period beginning on the date of the earnings release or the occurrence of the material news or material event.

In addition, the underwriting agreement will provide that any shares or rights to receive shares of our common stock that we issue to our directors, executives, or other employees will be subject to transfer restrictions restricting such persons from selling, transferring or otherwise disposing of such shares or rights until at least 180 days after the closing of this offering.

We have applied to list our common stock on The NASDAQ Global Market under the symbol "EAC."

Prior to this offering, there has been no public market for the shares of common stock. The initial public offering price will be negotiated between us and the representative. Among the factors to be considered in determining the initial public offering price of the shares of common stock, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management, and the consideration of the above factors in relation to market valuation of companies in related businesses. An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make for these liabilities.

In connection with this offering, the underwriters may purchase and sell our shares of common stock in the open market. These transactions may include short sales, stabilizing transactions, and purchases to cover positions created by short sales. Short sales may involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of common stock in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares of common stock or purchasing shares of common stock in the open market. In determining the source of shares of common stock to close out the covered short position, the underwriters will consider, among other things, the price of shares of common stock available for purchase in the open market as compared to the price at which they may purchase additional shares of common stock pursuant to the option granted to them. "Naked" short sales are any sales in excess of that option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares of common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of, or offers to sell or sales of, shares of common stock made by the underwriters in the open market prior to the closing of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased shares of common stock sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain, or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the NASDAQ exchange, in the over-the-counter market or otherwise.

Relationships with the Underwriters

Certain of the underwriters and their respective affiliates, as well as Lazard Frères & Co. LLC, have and may in the future perform various financial advisory, commercial banking, and investment banking services for us and our affiliates, for which they receive or will receive customary fees and expenses.

Online Offering

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters participating in this offering. Other than the prospectus in electronic format, the information on any such website, or accessible through any such website, is not part of the prospectus. The representative may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that will make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

Foreign Selling Restrictions

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area ("EEA"), which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representative for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall result in a requirement for the publication by us or any of the underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer within the EEA of shares which are the subject of the offering contemplated in this prospectus should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do we or they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares which are the subject of the offering contemplated by this prospectus under, the offers contemplated in this prospectus will be deemed to have represented, warranted, and agreed to and with us and each underwriter that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Service and Markets Act 2000 ("FSMA")) received by it in connection with the

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issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from, or otherwise involving the United Kingdom.

Switzerland

This document, as well as any other material relating to the shares which are the subject of the offering contemplated by this prospectus, does not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The shares are being offered in Switzerland by way of a private placement, *i.e.,* to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by us from time to time. This document, as well as any other material relating to the shares, is personal and confidential and does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The shares which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered pursuant to this prospectus should conduct their own due diligence on such shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

Hong Kong, Singapore, and Japan

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether

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directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Australia

This document has not been, and will not be, lodged with the Australian Securities and Investments Commission as a disclosure document for the purpose of Australia's Corporations Act 2001 (Cwlth) ("Corporations Act"). The offer is extended to Australian investors under section 708(8), 708(10), or 708(11) of the Corporations Act. Any of our shares issued as a result of the offer may not be offered for sale (or transferred, assigned, or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act or unless a compliant disclosure document is prepared and lodged with ASIC under Chapter 6D. Disclosure to investors would not generally be required under Chapter 6D where:

(a) the shares are offered for sale in the ordinary course of trading on The NASDAQ Global Market;

(b) the shares are offered for sale to the categories of "professional investors" referred to in section 708(11) of the Corporations Act; or

(c) the shares are offered for sale to persons who are "sophisticated investors" that meet the criteria set out in sections 708(8) or 708(10) of the Corporations Act.

We are not licensed to provide financial product advice in relation to the shares, under Australian law. We recommend that investors obtain and consider this document before making any decision to acquire shares and confirm that there is no "cooling off" period under Australian law, in relation to the offer of shares under the offer. This document is not intended to provide financial product advice, and has been prepared without taking account of any particular investor's objectives, financial situation, or needs; as a result investors should consider the appropriateness of the information, having regard to their own objectives, financial situation, and needs. If in any doubt, stockholders should obtain their own professional advice in relation to any investment decision.

LEGAL MATTERS

Certain legal matters with respect to the legality of the issuance of the shares of common stock offered by us by this prospectus will be passed upon for us by Milbank, Tweed, Hadley & McCloy LLP, New York, New York. The underwriters are being represented by DLA Piper LLP (US), Washington, DC, in connection with the offering. DLA Piper LLP (US) has in the past provided, and continues to provide, legal services to us.

EXPERTS

The audited consolidated financial statements included in this prospectus and elsewhere in the registration statement have been so included in reliance upon reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing in giving said reports.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits and the financial statements and notes filed as part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements, and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

After this offering, we will file with the SEC periodic reports, proxy statements, and other information required by the Exchange Act. Our SEC filings will also be available at the office of The NASDAQ Global Market. For further information on obtaining copies of our public filings at NASDAQ, please call (212) 401-8700.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Erickson Air-Crane Incorporated and Subsidiaries

We have audited the accompanying consolidated balance sheets of Erickson Air-Crane Incorporated and its subsidiaries (collectively the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations and comprehensive income (loss), redeemable preferred stock and stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Erickson Air-Crane Incorporated and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Portland, Oregon
March 5, 2012

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	December 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 268	$ 1,928
Accounts receivable net of allowances for doubtful accounts of $476 and $1,360 in 2011 and 2010, respectively	26,528	22,763
Aircranes and support parts in process	27,395	18,193
Prepaid expenses and other	4,217	4,697
Income tax receivable	1,248	
Deferred tax assets	7,602	11,231
Total current assets	67,258	58,812
Restricted cash	5,214	4,340
Aircrane support parts, net	101,892	85,390
Aircranes, net	42,288	40,924
Property, plant, and equipment, net	14,341	11,591
Other noncurrent assets	2,918	2,646
Total assets	$ 233,911	$ 203,703
Liabilities, redeemable preferred stock and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	$ 10,526	$ 11,038
Current portion of long-term debt	6,500	6,500
Accrued and other current liabilities	17,277	27,699
Income taxes payable		8,037
Total current liabilities	34,303	53,274
Long-term debt, less current portion	124,070	87,394
Other long-term liabilities	4,328	8,389
Deferred tax liabilities	14,194	13,234
Total liabilities	176,895	162,291
Commitments and contingencies (Note 12)		
Series A redeemable preferred stock, $0.0001 par value		
Authorized 70,000 shares; issued and outstanding 34,999.5 shares; liquidation preference of $66,161 and $57,010 in 2011 and 2010, respectively	66,161	57,010
Stockholders' equity (deficit):		
Common stock, $0.0001 par value. Authorized 2,300 shares;		
Class A; designated 2,000; issued and outstanding 1,000 shares	1	1
Class B; designated 300; zero issued and outstanding		
Accumulated deficit	(9,988)	(16,707)
Accumulated other comprehensive income (loss)	(36)	178
Total stockholders' equity (deficit) attributable to Erickson Air-Crane Incorporated	(10,023)	(16,528)

Noncontrolling interest		878		930
Total stockholders' equity (deficit)		(9,145)		(15,598)
Total liabilities, redeemable preferred stock and stockholders' equity	$	233,911	$	203,703

The accompanying notes are an integral part of these consolidated financial statements

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands, except share and per share data)

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Net revenues:			
Aerial services	$ 138,637	$ 105,747	$ 113,603
Manufacturing / MRO	14,132	12,493	36,019
Total net revenues	152,769	118,240	149,622
Cost of revenues:			
Aerial services	93,566	81,353	76,855
Manufacturing / MRO	13,730	7,651	21,272
Total cost of revenues	107,296	89,004	98,127
Gross profit	45,473	29,236	51,495
Operating expenses:			
General and administrative	13,023	14,105	14,877
Research and development	4,827	6,400	6,889
Selling and marketing	9,940	6,987	5,115
Restructuring charges	1,084		
Total operating expenses	28,874	27,492	26,881
Operating income	16,599	1,744	24,614
Other income (expense):			
Interest income	7	14	157
Interest expense	(9,157)	(4,879)	(6,163)
Interest income (expense) related to tax contingencies	2,745	(495)	(500)
Loss on early extinguishment of debt		(2,265)	
Amortization of debt issuance costs	(875)	(703)	(975)
Gain (loss) on disposal of equipment	26	(83)	349
Gain on involuntary conversions		6,285	
Unrealized foreign exchange gain (loss)	1,819	(905)	(992)
Realized foreign exchange gain (loss)	(956)	34	371
Litigation settlement		(10,000)	
Other income (expense), net	1,126	(326)	760
Total other expense	(5,265)	(13,323)	(6,993)
Income (loss) before noncontrolling interest and income taxes	11,334	(11,579)	17,621
Income tax expense (benefit)	(4,926)	(3,544)	5,330
Net income (loss)	16,260	(8,035)	12,291
Less: Net (income) loss related to noncontrolling interest	(390)	(216)	(239)
Net income (loss) attributable to Erickson Air-Crane Incorporated	15,870	(8,251)	12,052
Dividends on redeemable preferred stock	9,151	7,925	6,806
Net income (loss) attributable to common stockholders	$ 6,719	$ (16,176)	$ 5,246
Net income (loss)	$ 16,260	$ (8,035)	$ 12,291
Other comprehensive income (loss):			
Foreign currency translation adjustment	(402)	45	571

Comprehensive income (loss)		15,858		(7,990)		12,862
Comprehensive (income) loss attributable to noncontrolling interest		(202)		(141)		(259)
Comprehensive income (loss) attributable to Erickson Air-Crane Incorporated	$	15,656	$	(8,131)	$	12,603
Net income (loss) per share attributable to common stockholders						
Basic	$	6,718.57	$	(16,176.47)	$	5,246.00
Diluted	$	6,718.57	$	(16,176.47)	$	5,246.00
Weighted average shares outstanding						
Basic		1,000		1,000		1,000
Diluted		1,000		1,000		1,000

The accompanying notes are an integral part of these consolidated financial statements

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(in thousands, except share and per share data)

	Redeemable Series A Preferred Stock		Common Stock Class A		Common Stock Class B					Total Stockholders' Equity (Deficit)		
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings Accumulated (Deficit)	Accumulated Other Comprehensive Income (loss)	of Erickson Air-Crane	Noncontrolling Interest Amount	Total Stockholders' Equity (Deficit)
Balance at December 31, 2008	34,999.5	42,279	1,000	1				(4,895)	(496)	(5,390)	936	(4,454)
Dividends accrued on redeemable preferred stock		6,806						(6,806)		(6,806)		(6,806)
Noncontrolling interest dividend											(212)	(212)
Purchase of shareholder rights								(882)	3	(879)	(26)	(905)
Components of comprehensive income (loss):												
Net income (loss)								12,052		12,052	239	12,291
Foreign currency translation									551	551	20	571
Comprehensive income (loss)												12,862
Balance at December 31, 2009	34,999.5	$ 49,085	1,000	$ 1		$	$	$ (531)	$ 58	$ (472)	$ 957	$ 485
Dividends accrued on redeemable preferred stock		7,925						(7,925)		(7,925)		(7,925)
Noncontrolling interest dividend											(168)	(168)
Components of comprehensive income (loss):												
Net income (loss)								(8,251)		(8,251)	216	(8,035)
Foreign currency translation									120	120	(75)	45
Comprehensive income (loss)												(7,990)
Balance at December 31, 2010	34,999.5	$ 57,010	1,000	$ 1		$	$	$ (16,707)	$ 178	$ (16,528)	$ 930	$ (15,598)
Dividends accrued on redeemable preferred stock		9,151						(9,151)		(9,151)		(9,151)
Noncontrolling interest dividend											(254)	(254)
Components of comprehensive income (loss):												

Net income (loss)							15,870		15,870	390	16,260
Foreign currency translation								(214)	(214)	(188)	(402)
Comprehensive income (loss)											15,858
Balance at December 31, 2011	34,999.5	$ 66,161	1,000	$ 1	$	$	$ (9,988)	$ (36)	$ (10,023)	$ 878	$ (9,145)

The accompanying notes are an integral part of these consolidated financial statements

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ERICKSON AIR-CRANE INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Cash flows from operating activities:			
Net income (loss)	$ 16,260	$ (8,035)	$ 12,291
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	7,300	4,745	4,378
Deferred income taxes	4,589	(3,550)	3,360
Non-cash interest on subordinated notes	3,158	879	
Non-cash interest on tax contingencies	(2,745)	495	500
Non-cash tax settlement	(9,451)		
Write-off of issuance costs related to the early extinguishment of debt		1,812	
Amortization of debt issuance costs	875	703	976
Gain on disposal of equipment	(26)	83	(349)
Gain on involuntary conversions		(6,285)	
Changes in operating assets and liabilities:			
Accounts receivable	(4,648)	15,171	(4,933)
Aircranes and support parts in process	(9,201)	(11,521)	(1,601)
Prepaid expenses and other	484	(4,206)	1,452
Income tax receivable	(1,248)		
Net purchases of Aircrane support parts	(16,502)	(15,161)	(8,025)
Accounts payable	(190)	860	5
Accrued and other current liabilities	(6,816)	9,724	(2,753)
Income taxes payable	1,498	(2,535)	4,599
Other long-term liabilities	(4,060)	8,391	
Net cash provided by (used in) operating activities	(20,723)	(8,430)	9,900
Cash flows from investing activities:			
Purchases of Aircranes, property, plant, and equipment	(11,413)	(14,600)	(2,302)
Proceeds from sale of equipment		39	522
Insurance proceeds from involuntary conversions		9,500	
Restricted cash	(998)	411	
Dividends from, or purchases of, noncontrolling interest	(254)	(168)	(212)
Purchase of shareholder rights			(329)
Increase (decrease) in other assets	(418)	(199)	(346)
Net cash provided by (used in) investing activities	(13,083)	(5,017)	(2,667)
Cash flows from financing activities:			
Borrowings of long-term debt	317,737	299,976	92,665
Repayments of long-term debt	(284,220)	(287,506)	(98,327)
Debt issuance costs	(758)	(1,413)	
Net cash provided by (used in) financing activities	32,759	(11,057)	(5,662)
Effect of foreign currency exchange rates on cash and cash equivalents	(613)	782	(338)

Net increase (decrease) in cash and cash equivalents		(1,660)		(1,608)		(1,233)
Cash and cash equivalents at beginning of period		1,928		3,536		2,303
Cash and cash equivalents at end of period	$	268	$	1,928	$	3,536
Supplemental disclosure of cash flow information:						
Cash paid during the year for interest	$	6,099	$	3,963	$	6,268
Net cash paid (received) during period for income taxes	$	(388)	$	2,457	$	(2,859)

The accompanying notes are an integral part of these consolidated financial statements

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of the Business

The consolidated financial statements include the accounts of Erickson Air-Crane Incorporated ("EAC") and its subsidiaries and affiliated companies: CAC Development Ltd. ("Canada"), Canadian Air-Crane Ltd. ("CAC"), Erickson Air-Crane Malaysia Sdn. Bhd. ("EACM"), European Air-Crane S.p.A. ("EuAC"), and Dutch Air-Crane B.V. ("DAC") (collectively referred to as "the Company"). At December 31, 2011, EuAC owned a 60% equity interest in Societa Italiania de Manutenzioni Aeroautiche S.p.A. ("SIMA"), which is an aircraft maintenance organization located in Lucca, Italy. Additionally, EACM owned a 49% equity interest in Layang-Layang Services Sdn. Bhd., which provides aircraft rental services in Malaysia.

On September 27, 2007, Stonehouse Erickson Investment Co. LLC and Stonehouse Erickson Management Co. LLC (together "Stonehouse") and ZM EAC LLC acquired 100% of the outstanding common stock of EAC. 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.

As of December 31, 2011 the Company owned and operated a fleet of thirteen S-64E and four S-64F model Aircranes which are used in timber harvesting, firefighting, and construction operations predominantly in North America, South America, Europe, Southeast Asia, and Australia. Nine of the Aircranes were deployed outside of North America as of December 31, 2011.

The Company owns the Type Certificate and Production Certificate for the S-64 Aircrane which gives it the authorization to convert, remanufacture, and manufacture S-64 Aircranes for its own use or to sell to third parties. The Company holds a Type Certificate issued by the European Aviation Safety Agency ("EASA") certifying the S-64F model which allows the Aircrane to be sold to third parties in the European Union. The Company also holds a Repair Station Certificate which allows it to repair and overhaul airframes and components for Aircranes and other aircraft.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of all majority-owned subsidiaries and variable interest entities in which it is determined that the Company is the primary beneficiary, as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810 *Consolidation* ("ASC 810"). Intercompany accounts and transactions between the companies have been eliminated during consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the consolidated financial statements. Significant estimates for which changes in the near term are considered reasonably possible and that may have a material impact on the financial statements are: (a) excess and obsolete Aircrane support parts reserves, (b) allowance for doubtful accounts, (c) income tax assets and liabilities, (d) warranty reserves and (e) cost per hour (CPH) reserves. Management of the Company bases their

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

estimates on historical experience and other relevant assumptions. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements.

Foreign Currency Translation and Transactions

The financial statements of the Company's subsidiaries CAC and EuAC are measured in Canadian dollars (C$) and Euros (€), respectively (the functional currencies of each respective subsidiary) and then are translated into U.S. dollars. Generally, balance sheet accounts are translated using the current exchange rate at each balance sheet date. Results of operations are translated using the average exchange rate each month. Translation gains or losses resulting from the changes in the exchange rates from month to month are recorded in other comprehensive income. The financial statements of the Company's subsidiaries EACM and DAC are prepared using the U.S. dollar as their functional currency. The transactions related to these operations that are denominated in foreign currencies have been re-measured in U.S. dollars, and any resulting gain or loss is reported in total other income (expense), net.

Cash and Cash Equivalents

The Company classifies cash on deposit in banks and cash invested in money market accounts maturing in less than three months from the original date of purchase as cash and cash equivalents. The carrying amount of these items approximates fair value. The Company's subsidiaries generally maintain cash account balances sufficient to meet their short-term working capital requirements and periodically remit funds to the parent company to pay intercompany lease, maintenance and other charges. Substantially all of the Company's cash is concentrated in a few financial institutions. At times, deposits in these institutions exceed the federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant risk on these balances.

Cash held in accounts in foreign institutions, including restricted cash, totaled $4.5 million and $5.8 million at December 31, 2011 and 2010, respectively, of which, $4.2 million and $4.3 million is restricted cash at December 31, 2011 and 2010, respectively.

Restricted Cash

Restricted cash of $5.2 million and $4.3 million at December 31, 2011 and 2010, respectively, maintained at financial institutions, serves as collateral for performance bonds required as a part of certain operating and sales contracts. Additionally, letters of credit are also used for collateral for performance bonds.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company makes estimates as to the overall collectability of its receivables on an ongoing basis and writes off accounts receivable after reasonable collection efforts have been made and collection is deemed questionable or not probable. The Company specifically analyzes its accounts receivable and historical bad debt experience, customer concentrations, customer credit-worthiness and changes in its customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. Charges increasing the allowance for doubtful accounts are recorded in general and administrative expense.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Aircranes and Support Parts in Process

Aircranes and support parts in process consist of manufactured aircranes, in process aircranes, and support parts relating to those aircranes. Because these are assets the Company is actively marketing as being available for sale, they are classified in the consolidated balance sheets as a current asset.

At December 31, 2011 and 2010, this account consisted of aircranes in various stages of production including one completed aircrane.

Aircrane Support Parts

Aircrane support parts consist of Aircrane parts, overhauls of certain major 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 major 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.

Abnormal amounts of idle facility expense, freight, handling costs, and scrap are expensed as current-period charges. Allocation of fixed production overheads is based on the normal capacity of the production facilities.

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. Since the Company operates within a niche of the heavy-lift helicopter market, it experiences long lead times and is required to carry large quantities of spares inventory in order to ensure availability of parts for servicing its fleet of Aircranes. As a result, the accounting judgments used in the determination of the provision for excess and obsolete Aircrane support parts can vary significantly based on forecasted demand.

Aircrane support parts are classified as a non-current asset in the consolidated balance sheets because they are primarily used to maintain and overhaul the Company's fleet of Aircranes, which are long term assets, and generally are not actively marketed as being held for sale. Aircrane support parts which are used in operations are recorded as an element of cost of sales in the accompanying consolidated statements of operations.

Aircranes and Property, Plant, and Equipment

Aircranes and property, plant, and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the assets as follows:

Aircranes	15 years
Buildings	20 years
Vehicles and equipment	3-5 years

The cost of maintenance and repairs is charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. Upon retirement or other disposition of property,

ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the life of the lease.

Impairment of Long-Lived Assets

The Company records 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. No impairments were recorded for long-lived assets during the years ended December 31, 2011, 2010, and 2009.

Investments

Investments are accounted for using the equity method of accounting if the investment gives the Company the ability to exercise significant influence, but not control over an investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the investee of between 20% and 50% although other factors such as representation on the investee's board of directors and the effect of commercial arrangements are considered in determining whether the equity method of accounting is appropriate. Investments in which the Company does not have the ability to exercise significant influence over operating and financial policies are accounted for under the cost method.

Deferred Offering Costs

Deferred offering costs consist of direct incremental accounting and legal fees related to the Company's proposed anticipated initial public offering of its common stock. Approximately $2.8 million and $1.6 million of deferred offering costs are included in prepaid expenses and other on the Company's consolidated balance sheet as of December 31, 2011 and 2010, respectively. Upon completion of the initial public offering, these amounts will be offset against the proceeds of the offering. If the offering is terminated, the deferred offering costs will be expensed.

Debt Issuance Costs

Debt issuance costs consist of expenditures associated with obtaining debt financing, principally legal and bank commitment fees. Such costs are deferred and amortized over the term of the related credit agreements using a method that approximates the effective interest method. Amortization of debt issuance costs was $0.9 million, $0.7 million and $1.0 million for the years ended December 31, 2011, 2010 and 2009, respectively.

In connection with the full pay-off and replacement of the Company's working capital revolving line of credit in 2010, the Company wrote off deferred loan costs and expensed termination fees relating to the old debt in the amount of $2.3 million and capitalized loan costs relating to the new debt in the amount of $2.7 million. Such loan costs will be amortized to amortization of debt issuance costs over the term of the Credit Agreement.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company recognizes 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.

The Company is subject to audit by federal, state and local taxing authorities. The outcome of these audits may result in the Company being assessed taxes in addition to amounts previously paid. Accordingly, the Company maintains a reserve for uncertain tax positions. The Company calculates its reserves in accordance with applicable accounting standards for accounting for uncertainty in income taxes. Changes in facts and circumstances could result in material changes to the amounts recorded for such tax positions.

The Company records accrued interest and penalties associated with uncertain tax positions in interest expense related to tax contingencies in the statements of operations.

Revenue Recognition

For the Aerial Services business segment, the Company enters into short-term and medium-term service contracts with its customers, which generally range from one day to one year. Occasionally, the Company enters into multiple year contracts, with extension options for additional years. Revenue is recognized for contracts as the services are rendered and include leasing of the Aircrane, pilot and field maintenance support, and related services. The Company charges daily rates, hourly rates, and production rates (logging volume transported) depending upon the type of service being rendered. Mobilization fees, which represent recovery of the costs incurred in deploying an Aircrane to a customer, are recognized over the contract term. Revenues from timber harvesting operations in Canada and the U.S. are earned based on the number of flight hours or the timber volume and quality delivered to customers, depending on the customer contract. Revenues from timber harvesting operations in Malaysia are recorded based on the number of flight hours, or the timber volume delivered to customers, depending on the customer contract.

Contracts for the sale of Aircranes have multiple deliverables. Such elements may include warranty, spare parts, training and crew provisioning arrangements. The Company allocates 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 the Company's estimate of selling price when fair value and third party evidence is not available.

For the sale of Aircranes that involve significant production, modification or customization, the Company uses the percentage of completion method of accounting, when all the required criteria are met. In circumstances when the criteria for using the percentage of completion method of accounting are not met, revenue is recognized as each unit is completed, delivered, and accepted by the customer, and the rights of ownership are transferred. When total cost estimates exceed revenues, the Company accrues the estimated losses immediately.

Revenue recognized represents the price negotiated with the customer, adjusted by any discounts. The amount reported as cost of sales is determined by specific identification of costs to manufacture each Aircrane, plus a proportion of deferred program costs from specific modifications to the Aircrane ordered by the customer. A discussion of revenue recognition with respect to the Company's 2009 Aircrane sale is included in "Note 12. Commitments and Contingencies Put Option."

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

The Company's Manufacturing, Repair, and Overhaul ("MRO") facilities enter into contracts that require maintenance, repair, overhaul and/or assembly of various major components and other Aircrane parts. In all such instances, revenues and costs are deferred until the repair work is completed and the customer accepts the final product. Additionally, this business sells spare parts; revenue and cost of sales are recorded at the time of delivery and customer acceptance of the spare parts. Cost Per Hour ("CPH") contracts are accounted for on a long-term contract basis; revenues are recognized 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.

Warranty Reserves

Sales of Aircranes to third parties include limited warranty provisions that require the Company to remedy deficiencies in quality or performance of its 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 the estimate of the costs that will be incurred to fulfill those warranty requirements. (See "Note 15 Warranty Reserves")

Risks and Uncertainties

The Company performs aerial services operations, sells Aircranes and spare parts, and performs other services throughout the world. Customers outside the U.S. accounted for 55.8%, 62.5%, and 51.3% of consolidated revenue during 2011, 2010 and 2009, respectively. Services are performed for customers in the timber harvesting, firefighting, and construction industries, which are periodically subject to economic disruptions. The Company had revenues from two, four and three customers in excess of 10% of the total revenues for the years ended December 31, 2011, 2010, and 2009, respectively.

The following is a summary of customers that accounted for at least 10% of the Company's sales in 2011, 2010, or 2009:

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

The Company performs ongoing credit evaluations of its customers and believes it has made adequate provisions for potential credit losses. The Company does not generally require collateral on accounts receivable; however, under certain circumstances, the Company obtains a letter of credit or requires prepayment prior to performing services. The Company estimates its allowance for doubtful accounts using a specific identification method based on an evaluation of payment history, the customer's credit situation, and other factors. At December 31, 2011, five customers made up 65.1% of the Company's accounts receivable balance. At December 31, 2010, six customers made up 70.4% of the Company's accounts

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

receivable balance. Allowance for doubtful accounts was $0.5 million and $1.4 million at December 31, 2011 and 2010, respectively.

The customers represented the following as a percentage of total Accounts Receivable:

	As of December 31, 2011	As of December 31, 2010
U.S. Forest Service		9.0%
Italian Ministry of Civil Protection	18.9%	10.5%
Corpo Forestale Services	5.9%	16.5%
Hellenic Fire Brigade	21.6%	16.2%
Helicorp	12.0%	10.4%
Samling Global	6.7%	7.8%
	65.1%	70.4%

The Company operates within the aviation industry segment where certain vendors constitute the sole source for FAA-approved parts. Alternative sources of supplies exist; however, the loss of certain suppliers could cause a material business disruption to the Company.

The Company operates in portions of Europe that have been significantly affected by the global recession, such as Greece and Italy, and the Company bears risk that existing or future accounts receivable may be uncollected if these customers experience curtailed government spending.

As of December 31, 2011, the Company had $19.3 million of outstanding purchase orders for scheduled parts deliveries, all in the ordinary course of business, through 2019.

Fair Value of Financial Instruments

The fair value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are carried at cost, which approximates fair value due to their short-term maturities. The fair value of bank borrowings and long-term debt approximate carrying value due to the variable rate nature of the indebtedness.

Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are classified and disclosed in one of the following three categories:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Valuations based on other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Level 3: Valuations based on inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The Company's foreign currency forward contracts were measured at fair value within Level 2 of the fair value hierarchy at December 31, 2011 and 2010, which is valued using quoted market prices for contracts with similar terms and maturity dates.

Derivative Instruments and Hedging Activities

The Company is subject to exposures that arise from foreign currency movements between the date the foreign currency transactions are recorded and the date they are settled. The Company's exposure to foreign currency movements is somewhat mitigated through naturally offsetting asset and liability currency positions. In Southeast Asia, the Company generally enters into U.S. dollar denominated contracts for its services, which reduces foreign currency risk. The Company periodically enters into foreign currency hedging transactions to mitigate risk of foreign currency movements in Europe and Australia. Generally more than fifty percent of the Company's revenues are denominated in a currency other than the U.S. dollar, whereas a substantial portion of its costs are incurred in U.S. dollars. The Company uses hedging strategies to manage and minimize the impact of exchange rate fluctuations on its profits. (See "Note 14 Derivative Instruments and Hedging Activities")

All derivative instruments are recognized in the financial statements and measured at fair value regardless of the purpose or intent of holding them. The Company uses derivative instruments to principally manage cash flow risks from revenue which is expected to be recognized from executed contracts for the future delivery of goods or services. Revenues from such customer contracts are recorded in U.S. dollars at the contract rate and the impact of the foreign currency forward contract is recognized in gross margin and operating income at the time of revenue recognition. At the end of each accounting period, the value of each outstanding foreign currency forward contract is marked to market in the balance sheet on the basis of the then prevailing forward exchange rate. Revenues which are not hedged are translated into U.S. dollars at the average exchange rate during the month the services are rendered. All changes in fair value of the Company's foreign currency forward contracts have been recorded in the consolidated statement of operations because they do not meet the requirements for deferral accounting. The Company does not enter into foreign currency forward contracts for trading or speculative purposes.

Variable Interest Entity

An entity is generally considered a Variable Interest Entity (VIE) that is subject to consolidation under ASC 810 *Consolidation*, if the total equity investment at risk is not sufficient for the entity to finance its activities without additional subordinated financial support; or as a group, the holders of the equity investment at risk lack any one of the following characteristics: (a) the power, through voting rights or similar rights, to direct the activities that most significantly impact the entity's economic performance; (b) the obligation to absorb expected losses of the entity; (c) the right to receive the expected residual returns of the entity.

From March 2005 through November 2009, European Air-Crane, S.p.A. ("EuAC") was 49% owned by Erickson Air-Crane, Inc. ("EAC"); 49% owned by Grupo Inaer ("Inaer" formerly Elilario Italia S.p.A.); and 2% owned by Gian Franco Blower ("GFB"). This was achieved with each owner contributing capital proportional to their interest. All capital was fully paid up by the end of May 2005.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

On November 27, 2009, GFB sold his 2% interest (20,000 shares with a €1.00 par value) in EuAC to Fiduciaria Centro Nord ("FCN") for € 0.6 million ($0.9 million). EAC provided FCN with the financial means to purchase and transfer the shares of EuAC from GFB to FCN, in exchange for the patrimonial and administrative rights derived from the shares. These rights include the right to decide whether and how to vote in shareholders' meetings and the right to decide whether, when and to whom the shares should be transferred and endorsed. During 2009, EAC paid FCN €0.2 million ($0.3 million) of the €0.6 million, and the remaining €0.4 million ($0.6 million) was paid by EAC to FCN in 2010. As of December 31, 2011, EuAC had net assets of €1.8 million ($2.3 million).

The Company believes that EuAC is a VIE and that it is the primary beneficiary of the VIE through its ability to make decisions about the entity's activities, the exposure to the expected losses of the entity if they occur, and the right to receive the expected residual returns of the entity if they occur. As such, the consolidated financial statements include the balances of EuAC. Noncontrolling interest of $0.9 million and $0.9 million relates to the other owners' stockholdings and is reflected in stockholders' equity in the accompanying consolidated balance sheet at December 31, 2011 and 2010, respectively.

Environmental Remediation

The Company is subject to federal and state requirements for protection of the environment, including those for discharge of hazardous materials and remediation of contaminated sites. The Company periodically assesses, based on environmental studies, expert analyses and legal reviews, the Company's contingencies, obligations and commitments for remediation of contaminated sites, including assessments of ranges and probabilities of recoveries from other responsible parties who have and have not agreed to a settlement and of recoveries from insurance carriers. The Company immediately accrues and charges to current expense identified exposures related to environmental remediation sites based on its best estimate within a range of potential exposure for investigation, cleanup and monitoring costs to be incurred. (See "Note 12 Commitments and Contingencies")

Research and Development Costs

Research and development costs predominately consist of internal labor costs and engineering tooling design costs, which are charged to expense when incurred. The Company's research and development expense totaled $4.8 million, $6.4 million, and $6.9 million, for the years ended December 31, 2011, 2010 and 2009, respectively.

Earnings (Loss) per Common Share

Basic earnings (loss) per common share ("Basic EPS") is computed by dividing net income attributable to common stockholders after the reduction of earnings allocated to preferred stock by the weighted average number of shares of common stock outstanding during the period and excludes the effects of any potentially dilutive securities.

Diluted earnings (loss) per common share ("Diluted EPS") gives effect to all dilutive potential common stock outstanding during the period. The computation of Diluted EPS does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on earnings.

The computation of basic and diluted earnings (loss) per common share for the years ended December 31, 2011, 2010 and 2009 includes 1,000 shares of outstanding common stock, since there are no dilutive potential common shares.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and the effects on the consolidated financial statements of translating the financial statements of the Company's international subsidiaries. Comprehensive income (loss) is presented in the consolidated statements of operations and comprehensive income (loss). The Company's accumulated other comprehensive income (loss) is presented as a component of equity in the consolidated balance sheets and consists of the cumulative amount of the Company's foreign currency translation adjustments, net of tax impact.

Reclassifications

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

Segment Reporting

The Company determines its reportable segments based on the guidance in FASB ASC 280 *Segment Reporting* ("ASC 280"). The Company defines its operating segments as components of its business where separate financial information is available and is routinely evaluated by the chief operating decision maker. The chief operating decision maker reviews financial information based upon the nature of the products and services the Company offers.

The Company's two reportable segments are Aerial Services, and Aircraft Manufacturing and Maintenance Repair and Overhaul ("Manufacturing / MRO"). Activities within each operating segment are as follows:

Aerial Services This segment offers a broad range of heavy-lift helicopter services via the Company's worldwide fleet, including firefighting, timber harvesting, infrastructure construction, and crewing services.

Manufacturing / MRO This segment manufactures Aircranes from existing airframes, manufactures new components on a contract basis, and provides customers with Federal Aviation Administration and European Aviation Safety Agency certified maintenance, and MRO services in the Company's AS9100 certified facility. AS9100 is a widely adopted and standardized quality management system for the aerospace industry.

The Company has evaluated the activities within each of the operating segments and has determined that these activities meet the aggregation requirements within ASC 280 in that they have similar economic characteristics and share fundamental characteristics including the nature of the products, production processes, customers, and distribution channels.

Recent Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in the U.S. GAAP and IFRSs." This guidance contains certain updates to the measurement guidance as well as enhanced disclosure requirements. The most significant change in disclosures is an expansion of the information required for "Level 3" measurements including enhanced disclosure for: (1) the valuation process used by the reporting entity; and (2) the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

This guidance is effective for interim and annual periods beginning on or after December 15, 2011, with early adoption prohibited. This guidance will only impact the Company's "Level 3" disclosures.

In December 2011, the FASB issued ASU No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." Under the amendments in ASU 2011-05 "Presentation of Comprehensive Income," entities are required to present reclassification adjustments and the effect of those reclassification adjustments on the face of the financial statements where net income is presented, by component of net income, and on the face of the financial statements where other comprehensive income is presented, by component of other comprehensive income. In addition, the amendments in ASU 2011-05 require that reclassification adjustments be presented in interim financial periods. The amendments in ASU 2011-12 supersede changes to those paragraphs in ASU 2011-05 that pertain to how, when, and where reclassification adjustments are presented. ASU 2011-12 is issued to allow FASB time to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. This amendment is effective for the Company in 2012 and will be applied retrospectively. The adoption of ASU 2011-12 will result in changes to the Company's presentation and disclosure only and will not have an impact on its consolidated results of operations and financial condition.

In October 2009, the FASB issued an amendment to ASC 605-25, *Multiple Element Arrangements,* which modifies how a company separates consideration in multiple-delivery arrangements. The amendment establishes a selling price hierarchy for determining the selling price of a deliverable. The amendment also clarifies the allocation of revenue is based on entity-specific assumptions rather than assumptions of a marketplace participant. The amendment also eliminates the residual method of allocating revenue and requires the use of the relative selling price method. Expanded disclosures of qualitative and quantitative information regarding application of multiple-deliverable revenue arrangement guidance are also required under the amendment. This amendment to ASC 605-25 was effective for the Company January 1, 2011. The adoption did not have a material impact on the Company's consolidated financial statements.

In December 2011 the FASB issued an accounting standards update to ASC 210-20, *Offsetting,* requiring new disclosures about financial instruments and derivative instruments that are either offset by or subject to an enforceable master netting arrangement or similar agreement. The standards update is effective for fiscal years beginning after December 15, 2012. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Note 3. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consisted of the following (in thousands):

	December 31, 2011	December 31, 2010
Trade accounts receivable	$ 26,432	$ 23,582
Other receivables	572	541
Less: Allowance for doubtful accounts	(476)	(1,360)
	$ 26,528	$ 22,763

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Accounts Receivable and Allowance for Doubtful Accounts (Continued)

Following are the changes in the allowance for doubtful accounts during the period ended:

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Balance at beginning of period	$ 1,360	$ 556	$
Additions	459	804	556
Amounts written off	(1,343)		
Balance at end of period	$ 476	$ 1,360	$ 556

The Company had bad debt expense in the years ended December 31, 2011, 2010, and 2009 of $2.5 million, $0.8 million, and $0.6 million, respectively.

Note 4. Aircrane Support Parts, net

Aircrane support parts consisted of the following (in thousands):

	December 31, 2011	December 31, 2010
Aircrane parts	$ 50,572	$ 38,594
Major component overhauls	30,777	28,602
Work-in-process	25,593	21,769
Less: Excess and obsolete reserve	(5,050)	(3,575)
	$ 101,892	$ 85,390

Following are the changes in the excess and obsolete reserve during the periods ended:

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Balance at beginning of period	$ 3,575	$ 3,575	$ 3,075
Increase in reserves	1,565		500
Amounts written off	(90)		
Balance at end of period	$ 5,050	$ 3,575	$ 3,575

Note 5. Aircranes and Property, Plant and Equipment

Aircranes consisted of the following (in thousands):

	December 31, 2011	December 31, 2010
Aircranes	$ 54,264	$ 49,817
Less: accumulated depreciation	(11,976)	(8,893)
	$ 42,288	$ 40,924

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Aircranes and Property, Plant and Equipment (Continued)

Property, plant, and equipment consisted of the following (in thousands):

	December 31, 2011	December 31, 2010
Land and land improvements	$ 308	$ 306
Buildings	1,472	1,101
Vehicles and equipment	14,566	13,041
Construction-in-progress	7,352	3,960
	23,698	18,408
Less: accumulated depreciation	(9,357)	(6,817)
	$ 14,341	$ 11,591

Depreciation expense for Aircranes and property, plant and equipment was $7.3 million, $4.7 million, and $4.4 million, for the years ended December 31, 2011, 2010 and 2009, respectively.

Repairs and maintenance costs were $17.2 million, $13.9 million, and $17.0 million, for the years ended December 31, 2011, 2010 and 2009, respectively.

Note 6. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following (in thousands):

	December 31, 2011	December 31, 2010
Payroll and related taxes	$ 3,627	$ 3,746
Interest	58	2,903
Warranty	1,015	1,244
Cost per Hour	2,770	2,905
Customer advance payments	4,326	1,493
Forward contracts	22	1,346
Advance from Cambiano	1,284	
Accrued settlement		10,000
Other	4,175	4,062
	$ 17,277	$ 27,699

Note 7. Long-Term Debt

Credit Facilities

At the end of June 2010, the Company entered into a Credit Agreement with a bank syndicate led by Wells Fargo Bank, National Association (Wells Fargo), which consists of up to $132.5 million in senior 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, the Company 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 the

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Long-Term Debt (Continued)

Company may request an increase no more than three times during the term of the senior credit facilities. The commitment under the senior credit facilities is shared between Wells Fargo (60.4%), which is also the Administrative Agent, 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 senior credit facilities refinanced the Company's prior senior debt, resulting in a full pay-off and replacement of the Company's working capital revolving line of credit with Key Bank National Association ("KeyBank") and Bank of the West, and the Company's first lien term loan facility with The Prudential Insurance Company of America ("Prudential"). In addition, the Company used proceeds from the senior credit facilities to partially pay-down the second lien term loan facility, with the remaining amount outstanding under the second lien facility being converted into unsecured subordinated promissory notes. The interest rate on the senior credit facilities is calculated based on LIBOR or a base rate. The base rate is the higher of the federal funds rate plus 150 basis points, the prime rate as quoted by Wells Fargo, or LIBOR plus 150 basis points. The interest rate is calculated as LIBOR or base rate plus a LIBOR margin or base rate margin, respectively. Margin rates are tied to the total senior debt leverage covenant (Funded Indebtedness to Bank EBITDA) per the Company's Credit Agreement. LIBOR margin ranges between 2.75% and 5.00% and base rate margin ranges between 1.75% and 4.00%. The Company pays 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 are based on the level of the Funded Indebtedness to Bank EBITDA ratio.

The Company amended the Credit Agreement effective December 31, 2010. An initial amendment removed the requirement to comply with existing financial covenants as of December 31, 2010, added a net income covenant calculation for fiscal 2010, and adjusted certain amounts related to the determination of Bank EBITDA and Tangible Net Worth. In addition, the interest rate matrix was modified to add an additional pricing tier. Subsequent amendments waived the Company's 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. Through the amendments the minimum 2010 net income covenant was ($11.6 million), the interest rate matrix was modified and reporting requirements were adjusted. The amendment also required a new subordinated debt in the amount of $10.0 million to be contributed by ZM Private Equity Funds I and II, L.P., which was funded on June 30, 2011. Absent these amendments, the Company would not have been in compliance with the covenants in the Credit Agreement at December 31, 2010 and March 31, 2011.

The senior credit facilities contain several affirmative and negative covenants customary for similar senior credit facilities, including a leverage ratio test based on maximum senior Funded Indebtedness (excluding subordinated debt) to Bank EBITDA, a minimum fixed charge coverage ratio, a minimum tangible net worth test and, for certain periods in 2011, a minimum net income. In addition, if at any time the amount advanced under the Company's senior credit facilities exceeds the most recent Asset Coverage Amount (as defined in the Company's Credit Agreement), the Company has to prepay the amount of such excess. Under the senior credit facilities the Company has affirmative covenants to, among other things, deliver certain financial statements, notices, and certificates to its 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 the Company's subsidiaries, and capital expenditures. See " Bank EBITDA."

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Long-Term Debt (Continued)

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

The prior credit agreement ("KeyBank Credit Agreement") with KeyBank, was entered into on September 27, 2007 and contained a $40.0 million working capital revolving line of credit ("Revolver"). The KeyBank Credit Agreement provided for an alternative currency sublimit under the Revolver of $10.0 million, which provided for borrowing in Euros, Canadian dollars, and Australian dollars. Additionally, the agreement contained a letter of credit sublimit up to a maximum of $10.0 million, which was amended on July 1, 2009 to increase the sublimit to $15.0 million. The commitment under the KeyBank Revolver was shared between KeyBank (62.5%) and Bank of the West (37.5%). The interest rate on the KeyBank Revolver was calculated based on the prime rate as quoted in The Wall Street Journal, plus a base rate margin and depended on the level of the funded debt to Bank EBITDA ratio as defined in the Key Bank Credit Agreement, and could convert to LIBOR based interest. Margin rates were tied to the Company's total debt leverage covenant per the KeyBank Credit Agreement.

The prior term loan agreement with Prudential Insurance Company of America was initially entered into on September 27, 2007, and contained a $65.0 million term loan facility (the "Term Debt"). The Term Debt required 60 consecutive monthly principal payments of $0.5 million beginning November 1, 2007, together with variable interest calculated based on one-month LIBOR plus 2.75%.

The new Credit Agreement allows borrowings up to $67.5 million under the revolving credit facility. The weighted average interest rate for borrowings under the revolving credit facility for the years ended December 31, 2011, 2010 and 2009 was 5.35%, 4.02% and 3.30%, 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 respective credit agreements. The borrowing rate at December 31, 2011 and 2010 was 3.61% and 3.86%, respectively. The Company had $2.3 million and $7.8 million outstanding standby letters of credit issued as of December 31, 2011 and 2010. Borrowing availability was $13.4 million and $37.0 million as of December 31, 2011 and 2010, respectively.

The new Credit Agreement allows borrowings of up to $65.0 million under the term loan facility. On June 30, 2010, the Company borrowed $65.0 million and used proceeds to pay off existing debt. The Company is 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 senior credit facilities terminate on June 24, 2013. The weighted average interest rate for the term loan borrowings for the year ended December 31, 2011, 2010 and 2009 was 4.73%, 3.32% and 3.14%, 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.

The Company 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 debt in the amount of $2.7 million. Such loan costs will be amortized to debt issuance costs over the term of the Credit Agreement.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Long-Term Debt (Continued)

Working Capital Guarantee Credit Agreement

On June 30, 2011, in connection with an amendment to the Credit Agreement, the Company obtained a separate line of credit with Wells Fargo for up to $10.0 million, pursuant to which Wells Fargo issues standby letters of credit to the Company's certain non-domestic customers for the purpose of assuring the Company's performance of its obligations to such customers. The standby letters of credit are required to be collateralized by funds obtained from the Company from promissory notes 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 at a rate of 20% per annum. No periodic principal or interest payments are required and the notes mature no earlier than June 30, 2016. As of December 31, 2011 the Company had $8.6 million in outstanding letters of credit under this line of credit.

Subordinated Notes

The Company was party to a Second Lien Credit Agreement with ZM Private Equity Fund II, L.P., as Administrative Agent, pursuant to which the Company borrowed $20.0 million, which was due on April 1, 2013. The lenders included ZM Private Equity Fund II, L.P. and 10th Lane Finance Co., LLC, which are affiliates of the Company through common ownership. Under the Second Lien Credit Agreement interest was payable quarterly and was calculated based on three-month LIBOR plus 8.00%.

On June 30, 2010, concurrent with the refinancing of the Company's senior debt, the Company used proceeds from the senior credit facilities to partially pay-down $11.5 million of its $20.0 million Second Lien Debt, with the remaining $8.5 million being exchanged for unsecured subordinated promissory notes. On June 30, 2010, the Company also paid accrued interest of $0.4 million and an early termination fee of $0.2 million related to the Second Lien Debt.

The interest rate on the unsecured subordinated promissory notes is 20.0% per annum. No periodic principal or interest payments are required and the promissory notes mature on June 30, 2015. Interest payments are accrued to principal on a quarterly basis. The promissory notes can be prepaid at any time prior to maturity, at our option, at the original principal amount plus accrued interest without any prepayment penalties, subject to limitations under the agreement.

On June 30, 2011, in connection with an amendment to the Credit Agreement, an additional $10.0 million of unsecured subordinated promissory notes were obtained from ZM Private Equity Funds I and II, L.P. at a rate of 20.0% per annum. No periodic principal or interest payments are required and the notes mature no earlier than June 30, 2016. Additionally, in connection with the Working Capital Guarantee Credit Agreement as disclosed above, ZM Private Equity Funds I and II issued $1.0 million in unsecured subordinated promissory notes.

The weighted average interest rate for the year ended December 31, 2011 and 2010 was 20.00% and 11.81%, respectively. The borrowing rate was 20.0% and 20.0% and the balance was $23.5 million and $9.4 million at December 31, 2011 and 2010, respectively.

Bank EBITDA

Bank EBITDA assists management in monitoring management's ability to undertake key investing and financing functions such as making investments and incurring additional indebtedness, which may be prohibited by the covenants under the credit facilities unless the Company meets certain financial ratios and tests.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Long-Term Debt (Continued)

In addition to adjusting net income (loss) to exclude interest expense, provision for (benefit from) income taxes and depreciation and amortization of debt issuance costs, 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 2010 charges up to a maximum of $11.6 million and other unusual, extraordinary, non-recurring non-cash costs. For each calculation of Bank EBITDA made as of the end of the quarters ending June, September, and December 2011 and that will be made as of the quarter ending March 2012, Bank EBITDA also includes an amount equal to the $10.0 million in new unsecured subordinated promissory notes dated June 30, 2011 and any additional subordinated debt issued in connection with an equity cure under the Credit Agreement. The Company has complied with the requirements of its debt covenants at December 31, 2011.

Long-term debt maturity schedule is as follows:

	Term Debt	Revolving Line of Credit	Subordinated Notes	Total
2012	$ 6,500	$	$	$ 6,500
2013	48,750	51,783		100,533
2014				
2015			11,400	11,400
2016			12,137	12,137
	$ 55,250	$ 51,783	$ 23,537	$ 130,570

Long-term debt was as follows:

	December 31, 2011	December 31, 2010
Term Debt	$ 55,250	$ 61,750
Revolving Line of Credit	51,783	22,765
Subordinated Notes	23,537	9,379
	$ 130,570	$ 93,894

On July 29, 2008, EuAC entered into an Agreement with Banca Di Credito Cooperativo Di Cambiano ("Cambiano") whereby Cambiano periodically advances European Air-Crane up to €6.0 million. Advances are based on documentary proof of receivables due from the Italian government. The purpose of this Agreement is to provide short term liquidity needs. At December 31, 2011 and 2010, there were €2.6 million and no advances outstanding, respectively, under this arrangement included within accounts payable and accrued liabilities. The agreement may be canceled by either party at any time.

On August 4, 2008, EuAC executed a bank guarantee and pledged €3.0 million as restricted cash in connection with a performance guarantee for a four-year leasing contract in Italy; these restrictions will expire in December 2012. Following receipt of the restricted cash, Cambiano issued a letter of credit for the performance bond.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Income Taxes

For financial reporting purposes, income (loss) before noncontrolling interest and income taxes by taxing jurisdiction is as follows (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
U.S. and other	$ 9,842	$ (8,619)	$ 15,508
Canada	158	(3,988)	912
Italy	1,334	1,028	1,201
Income (loss) before noncontrolling interest and income taxes	$ 11,334	$ (11,579)	$ 17,621

Income tax expense (benefit) consisted of the following (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Current income tax expense (benefit):			
U.S. Federal income taxes	$ (10,055)	$ 300	$ 819
State and local income taxes	21	(23)	260
Foreign income taxes	519	(312)	891
Total current income tax expense (benefit)	$ (9,515)	$ (35)	$ 1,970
Deferred income tax expense (benefit):			
U.S. Federal income taxes	4,269	(3,196)	3,370
State and local income taxes	441	(313)	(10)
Foreign income taxes	(121)		
Total deferred income tax expense (benefit)	4,589	(3,509)	3,360
Total income tax expense (benefit)	$ (4,926)	$ (3,544)	$ 5,330

A reconciliation from the U.S. statutory rate to the effective tax rate is as follows (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Tax at U.S. statutory rate	$ 3,967	$ (3,937)	$ 5,991
State taxes, net of federal benefit	249	(130)	210
Nondeductible expenses	313	230	276
Foreign tax rate differences	57	457	143
Non-deductible receivable allowance		272	
Manufacturing deduction			(149)
Foreign tax credits	(129)	(260)	(251)
Reversal of tax contingency items	(9,451)		
Tax Rate Differential from prior year	286		
Tax law changes			(660)
Other, net	(218)	(176)	(230)
Total income tax expense (benefit)	$ (4,926)	$ (3,544)	$ 5,330

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Income Taxes (Continued)

Deferred income tax balances reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are paid or recovered. Significant components of the Company's deferred tax assets and liabilities and balance sheet classifications are as follows (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010
Deferred tax assets:		
Accrued and other current liabilities	$ 723	$ 469
Accrued benefits	512	498
Deferred offering costs		527
Warranty reserve	376	439
Cost per hour accruals	1,026	1,026
Litigation reserve		3,532
Allowance for doubtful accounts reserve	1,096	324
Foreign currency mark-to-market adjustments	74	759
Tax reserve interest		970
Inventory reserve	1,871	1,263
Advance Payments	3,003	
Foreign tax credits	624	600
Research credits	542	376
Other credits		18
Net operating loss carryforwards	8,228	2,950
Total deferred tax assets	18,075	13,751
Deferred tax liabilities:		
Tax-over-book depreciation and amortization	(17,237)	(13,147)
Basis difference in Aircrane support parts	(7,128)	(1,950)
Prepaid expenses and deferred costs	(302)	(657)
Total deferred tax liabilities	(24,667)	(15,754)
Net deferred tax assets (liabilities)	$ (6,592)	$ (2,003)
Net current deferred tax assets	$ 7,602	$ 11,231
Net noncurrent deferred tax liabilities	(14,194)	(13,234)
Net deferred tax assets (liabilities)	$ (6,592)	$ (2,003)

Federal net operating loss carryforwards of approximately $22.2 million at December 31, 2011 expire in 2031. Foreign tax credit carryforwards of approximately $0.6 million at December 31, 2011 expire in 2021. Research credit carryforwards of approximately $0.5 million as of December 31, 2011 expire from 2019 to 2021. State net operating loss carryforwards of approximately $11.1 million at December 31, 2011 expire from 2013 through 2031. State research and development credits of $0.2 million at December 31, 2011 expire from 2012 to 2016.

U.S. income taxes are not calculated on the undistributed earnings of the Company's foreign subsidiary in Canada because of the intent to reinvest these earnings. At December 31, 2011, the amount of

ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Income Taxes (Continued)

undistributed earnings, which are considered indefinitely reinvested, are approximately C$2.0 million ($1.9 million) for CAC. The Company does not believe it is practical to estimate the tax effect of CAC's permanently reinvested earnings.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010
Unrecognized tax benefits January 1,	$ 10,006	$ 10,040
Gross increases tax positions in prior periods		11
Gross decreases tax positions in prior periods		(45)
Gross increases current period		
Gross decreases current period		
Settlements	(9,451)	
Lapse of statute of limitations	(555)	
Unrecognized tax benefits December 31,	$	$ 10,006

The tax rate effect of our unrecognized tax benefits being recognized during 2011 is (83.39%). There are no further unrecognized tax benefits after December 31, 2011.

The Company is subject to income taxes in the U.S., state, and several foreign jurisdictions. Depending on the jurisdiction, the Company is generally no longer subject to state or foreign examinations by tax authorities for years prior to the December 31, 2008 tax year. The tax years which remain open to examination in the U.S., the Company's only major taxing jurisdiction, are 2008 through 2011.

An IRS federal income tax audit of the 2006 tax return was initiated in 2009. The field agent issued audit reports on the tax years 2005 and 2006 related to the utilization of certain foreign tax credits in the amount of $9.5 million, of which the amounts being assessed were fully reserved as unrecognized tax benefits. The Company successfully defended its position in the IRS Appeals Division and the IRS issued a final report in 2011 vacating their previous position. As a result, the Company recorded a reversal of interest expense of $2.7 million and a tax benefit of $9.5 million during 2011.

Note 9. Redeemable Preferred Stock and Stockholders' Equity

The Company is authorized to issue two classes of stock to be designated as "Common Stock" and "Preferred Stock." The total number of shares the Company is authorized to issue is 72,300 shares: (i) 2,300 shares of which are Common Stock, $0.0001 par value per share, and (ii) 70,000 shares of which are Preferred Stock, $0.0001 par value per share. For Common Stock, 2,000 shares are designated "Class A Common Stock" and 300 shares are designated "Class B Common Stock." All 70,000 shares of Preferred Stock are designated "Series A Redeemable Preferred Stock." On September 27, 2007, the Company issued 1,000 shares of Class A Common Stock at $.50 per share and 34,999.5 shares of Preferred Stock issued at $1,000 per share. The Board of Directors is authorized, at any time, to provide for the issuance of shares of Preferred Stock, in one or more series with such designations, preferences and rights, and such qualifications, limitations and restrictions, as shall be set forth in the resolutions of the Board of Directors providing for the issuance thereof.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Redeemable Preferred Stock and Stockholders' Equity (Continued)

Dividend Rights

The holders of Series A Redeemable Preferred Stock shall be entitled to receive, in preference to any declaration or payment of any dividend on the Common Stock (other than a dividend payable solely in shares of Common Stock), when, as and if declared by the Board of Directors, dividends on the Series A Redeemable Preferred Stock (the "Mandatory RPS Dividends") at the rate of 15% per annum on an amount equal to the Series A Redeemable Preferred Original Issue Price of $1,000 per share. The Mandatory RPS Dividends shall accrue from day to day, whether or not earned or declared, shall accumulate and shall be compounded quarterly (based upon a rate equal to 15% per annum and assuming a year consisting of 360 days). All Mandatory RPS Dividends shall be payable in cash. All Mandatory RPS Dividends on all outstanding shares of Series A Redeemable Preferred Stock previously accrued and not yet paid shall be immediately due and payable upon the occurrence of any Liquidation Event as defined in the Certificate of Incorporation. The holders of the Common Stock shall be entitled to receive cash dividends, when, as and if declared by the Board of Directors. Any cash dividends shall be paid in the following order: (i) first, to the holders of the Series A Redeemable Preferred Stock, dividends equal to all accrued and unpaid Mandatory RPS Dividends; provided, however, that if the funds legally available therefore shall be insufficient to pay such dividends in full to all holders of Series A Redeemable Preferred Stock, then such dividends shall be paid to the holders of Series A Redeemable Preferred Stock ratably in proportion to the full amounts to which they would otherwise be entitled; and (ii) second, to the holders of Class A Common Stock and (if applicable) Class B Common Stock, pro rata and *pari passu*, such additional dividends and other distributions as may be declared by the Board of Directors from time to time. The Board of Directors is not required to declare any dividends with respect to either the Common Stock as a whole or to any particular class of Common or Preferred Stock. As of December 31, 2011 and 2010, no dividends on any series of Company stock have been declared.

Voting Rights

Except as otherwise required by law or certain limitations provided for in the Certificate of Incorporation, the sole voting rights shall be in the Class A Common Stock.

Liquidation Rights

Upon the occurrence of any Liquidation Event, the Preferred Stock and Common Stock shall have the following liquidation rights: (i) Before any distribution or payment shall be made to the holders of any shares of Common Stock, the holders of the Series A Redeemable Preferred Stock shall be entitled to be paid an amount with respect to each share of Series A Redeemable Preferred Stock equal to the Series A Redeemable Preferred Original Issue Price for such share of Series A Redeemable Preferred Stock, plus all accrued or declared but unpaid dividends thereon or (the "Series A Redeemable Preferred Liquidation Preference"). If, upon any Liquidation Event, the assets of the Company shall be insufficient to make payment in full of the Series A Redeemable Preferred Liquidation Preference to all holders of Series A Redeemable Preferred Stock, then such assets shall be distributed among the holders of Series A Redeemable Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be entitled, (ii) Before any distribution or payment shall be made to the holders of any shares of Class B Common Stock but after the payment in full of the aggregate Series A Redeemable Preferred Liquidation Preference, the holders of the Class A Common Stock shall be entitled to be paid an amount with respect to each share of Class A Common Stock equal to the Class A Common Original Issue Price of $0.50 per share for such share of Class A Common Stock (the "Class A Common Liquidation

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Redeemable Preferred Stock and Stockholders' Equity (Continued)

Preference"). If, upon any liquidation event, the assets of the Company shall be insufficient to make payment in full of the Class A Common Liquidation Preference to all holders of Class A Common Stock, then such assets shall be distributed among the holders of Class A Common Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be entitled, (iii) After the payment in full of the aggregate Series A Redeemable Preferred Liquidation Preference, and the aggregate Class A Common Liquidation Preference, all payments and distributions shall be paid pro rata and pari passu to the holders of the Class A Common Stock and the Class B Common Stock until such holders shall have received payment in full of any and all accrued and unpaid dividends owing with respect to such Class A Common Stock and/or Class B Common Stock, and (iv) After the Company has made the full payments or distributions provided for above, thereafter all payments and distributions shall be paid pro rata and pari passu to the holders of the Class A Common Stock and the holders of the Class B Common Stock.

Redemption Rights of Series A Redeemable Preferred Stock

Preferred securities that are redeemable for cash or other assets are required to be classified outside permanent equity if they are redeemable (1) at a fixed or determinable price on a fixed or determinable date, (2) at the option of the holder or (3) upon occurrence of an event that is not solely within the control of the issuer. The Company's Series A Preferred Stock is mandatorily redeemable upon the occurrence of a liquidation event. The Series A Preferred Stock is also redeemable at the option of the Company upon approval by the majority of the Board of Directors. The holder's of the Series A Redeemable Preferred Stock control a majority of the voting power of the Company's Capital Stock and have the right to designate a majority of the members of the Board of Directors. As a result, the ability to redeem the shares of the preferred stock is not within the Company's control, as such all shares of Series A Redeemable Preferred Stock have been presented outside of permanent equity in the accompanying consolidated balance sheets for all periods presented.

The holders of the Series A Redeemable Preferred Stock are entitled to receive dividends, when, as and if declared by the Board of Directors at a rate of 15% per year, also called the Mandatory RPS Dividends. The Mandatory RPS Dividends accrue at the rate of 15% per year whether or not earned or declared. The Company accrued dividends of $9.2 million, $7.9 million, and $6.8 million for the years ended December 31, 2011, 2010 and 2009, respectively. The Series A Redeemable Preferred Stock had a liquidation preference of $66.2 million and $57.0 million at December 31, 2011 and 2010, respectively.

Conversion Rights of Series A Redeemable Preferred Stock

The Series A Redeemable Preferred Stock is not convertible into Common Stock.

Anti-Dilution Rights of the Class A Common Stock

The holders of the Class A Common Stock have certain anti-dilution rights with respect to the issuance of additional shares of common stock.

Class B Common Stock

The Class B Common Stock was established for the purpose of a potential issuance pursuant to a contemplated equity incentive plan for executive management. No Class B Common Stock shares are currently issued and outstanding.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Employee Benefit Plans

The Company maintains the Erickson Air-Crane 401(k) Profit Sharing Plan for substantially all full-time U.S. employees. Under the plan, participating U.S. employees may defer up to 100% of their pretax salary, subject to the annual IRS limitation, which was $16,500, for the year ended December 31, 2011, 2010, and 2009, respectively. The Company may match the employee contributions dollar for dollar up to a maximum of $1,000 per Plan participant and employer profit sharing contributions are discretionary. The Company contributed $0.3 million, $0.4 million, and zero for the years ended December 31, 2011, 2010, and 2009.

Canadian Air-Crane Ltd. maintains a Group Registered Retirement Savings Plan for salaried employees in Canada. Under this plan, participating Canadian employees may defer up to 18% of their pretax salary, subject to a maximum amount per year of C22,450, C22,000 and C21,000 for 2011, 2010, and 2009, respectively. The Company may contribute up to 6% of an employee's compensation; however, the Company stopped contributions on April 4, 2009 and there were no further contributions to the plan in 2011, 2010, or 2009. The total matching amount under this plan was zero, zero, and C70,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Note 11. Reportable Segments

ASC 280-10-50 *Disclosure about Segments of an Enterprise and Related Information*, establishes standards for the manner in which companies report information about operating segments, products, services, geographic areas and major customers. The method of determining what information to report is based on the way that management organizes the operating segments within the Company for making operating decisions and assessing financial performance. Based on the nature of its products and services, the Company operates in two business segments: Aerial Services, and Manufacturing / MRO.

The accounting policies of the Company's business segments are the same as those described in the summary of significant accounting policies included elsewhere herein.

Revenue and gross profit by segment are the main metrics used by the chief operating decision maker, management team and the board of directors of the Company to plan, forecast and review the Company's business performance.

The following table sets forth information about the Company's operations by its two reportable segments and by geographic area. Amounts identified as "Corporate" are assets or expenses that are not allocated to a specific segment:

Revenue by Reportable Segment

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Net revenues:			
Aerial Services	$ 138,637	$ 105,747	$ 113,603
Manufacturing / MRO	14,132	12,493	36,019
Total net revenues	$ 152,769	$ 118,240	$ 149,622

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. Reportable Segments (Continued)

Gross Profit by Reportable Segment

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Gross profit:			
Aerial Services	$ 45,071	$ 24,395	$ 36,748
Manufacturing / MRO	402	4,841	14,747
Total gross profit	$ 45,473	$ 29,236	$ 51,495

Depreciation Expense by Reportable Segment

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Depreciation expense:			
Aerial Services	$ 5,477	$ 3,570	$ 3,536
Manufacturing / MRO	1,343	1,112	709
Corporate	480	63	133
Total depreciation expense	$ 7,300	$ 4,745	$ 4,378

Capital Expenditures by Reportable Segment

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Capital expenditures:			
Aerial Services	$ 6,556	$ 9,906	$ 407
Manufacturing / MRO	1,516	2,351	1,595
Corporate	3,341	2,343	300
Total capital expenditures	$ 11,413	$ 14,600	$ 2,302

Assets by Reportable Segment

	December 31, 2011	December 31, 2010
Assets:		
Aerial Services	$ 109,229	$ 98,033
Manufacturing / MRO	97,549	77,801
Corporate	27,133	27,869
Total assets	$ 233,911	$ 203,703

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. Reportable Segments (Continued)

Revenue by Geographic Area

For the Aerial Services business segment, revenues are attributed to geographic area based on the country where the services were performed; for the Manufacturing / MRO business segment, revenues are attributed to geographic area based on the country in which the customer is located.

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Net revenues:			
North America	$ 84,150	$ 60,176	$ 87,329
South America	3,583		
Europe	37,466	34,322	38,589
Asia	16,524	16,543	11,588
Australia	11,046	7,199	12,116
Total net revenues	$ 152,769	$ 118,240	$ 149,622

Note 12. Commitments and Contingencies

Canadian Revenue Agency Audits Employment Taxes

In 2008, the Company was assessed by the Canada Revenue Agency ("CRA") C$0.8 million in Regulation 102 withholding tax and interest for the tax years 2002 and 2003. During 2008, the Company paid the assessment and filed a Notice of Objection with the Chief of Appeals of the CRA. On January 18, 2011, the Company received a final notice from the CRA confirming the assessment. The Company continues to work with its legal counsel in Canada to commence litigation in Canadian Tax Court to recover the amounts paid. The Company has established a reserve in the amount of $0.8 million, due to the uncertainty of collection of the amount.

Environmental Remediation Matters

The Company is continuing to participate in remediating environmental damage resulting from the identification of hazardous substances at its Central Point, Oregon facility. Under the Asset Purchase Agreement with Erickson Group, Ltd. ("Erickson Group"), a previous owner of the Company, Erickson Group agreed to bear the financial responsibility for the payment of the first $1.5 million of the cleanup costs. Erickson Group and the Company shall each bear one-half of the financial responsibility for the payment of the next $1.0 million of cleanup costs, and any aggregate costs in excess of $2.5 million will be the sole responsibility of Erickson Group. Erickson Group is responsible for directing and controlling the remediation efforts. Since 2000, the Company has paid $0.4 million to Erickson Group for a portion of its exposure on the $0.5 million layer of financial responsibility and has recorded a liability for the remaining $0.1 million exposure on its remaining share. In August 2006, Erickson Group received an insurance settlement of $0.3 million related to the environmental damage and will suspend further requests of co-funding until such amount is depleted from its environmental fund. Environmental consultants indicate that the Central Point site may require monitoring for another 20 years; therefore, the Company believes the full amount of its financial share will ultimately be paid.

ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Commitments and Contingencies (Continued)

Legal Proceedings

Evergreen Claim

Evergreen Helicopters, Inc. (Evergreen) filed a complaint against the Company in the U.S. District Court for the District of Oregon alleging claims under the Sherman Antitrust Act and the Clayton Act, and for breach of contract. Included in the complaint was Evergreen's allegations that the Company breached its obligations to third party beneficiaries by not supplying parts for its S-64E in a timely manner, particularly in the four-year period prior to the filing of the complaint, and by not supplying parts for CH-54As. The complaint sought damages in an unspecified sum, treble damages under the antitrust laws, and costs, disbursements, and attorneys' fees. On January 26, 2011, the Company received an unfavorable ruling from the court, dismissing its summary judgment motion, while granting Evergreen's summary judgment motion. On February 15, 2011, the Company entered into a settlement agreement with Evergreen, pursuant to which the Company was required to pay Evergreen a total of $10.0 million in cash, which was accrued as of December 31, 2010. An initial payment of $5.0 million was made on March 1, 2011, a second payment of $2.5 million was paid on April 1, 2011 and the final payment of $2.5 million was paid on April 27, 2011. In exchange for the $10.0 million payment from the Company, Evergreen dismissed the claim on February 15, 2011 and has released the Company from all potential claims of any kind up to the date of the settlement.

USFS Claim

In early June 2008, the Company was awarded four contracts with the United States Forest Service (USFS). In late June 2008 the USFS issued a stop work order on three of the four contracts. In October 2008 the Company filed a request for equitable adjustment on the stop work order with the USFS Contracting Officer. After being denied on the request for equitable adjustment, in July 2009 the Company filed a claim with the Civilian Board of Contract Appeals for approximately $3.0 million, which represented management's estimate of additional costs incurred by the Company under these contracts, that the Company was not able to mitigate, as a result of the stop work order. The Company believed that these additional costs are compensable under Forest Service rules. An independent expert determined the amount of these additional costs at $2.8 million. The Company recorded approximately $3.0 million as a receivable in 2008, and reduced this amount to approximately $2.8 million in 2009 to reflect the revised estimate of additional costs. The Company reduced the net receivable to $2.0 million at December 31, 2010, due to the uncertainty of recovery of certain costs. The Company and the USFS each filed motions for summary judgment with the Civilian Board of Contract Appeals which were denied. The Company attended a hearing before the Civilian Board of Contract Appeals in April 2011. On February 1, 2012 the Civilian Board of Contract Appeals issued its final decision in the matter denying the Company's claim in full. As of December 31, 2011 the Company reduced the net receivable to zero as a result of the decision issued on February 1, 2012.

Other legal proceedings

In the ordinary course of business, the Company is party to various legal proceedings. The Company reviews these actions on an ongoing basis to determine whether it is probable that a loss has occurred and use that information when making accrual and disclosure decisions. The Company has not established reserves or possible ranges of losses related to these proceedings because, at this time in the proceedings, the matters do not relate to a probable loss and / or the amounts are not reasonably estimable.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Commitments and Contingencies (Continued)

Put Option

A significant customer holds the right to exercise a put option that would, if exercised, require the Company to repurchase on July 31, 2013 the S-64 Aircrane the Company sold to the customer in 2009. The original sales agreement dated May 27, 2009, included the right of the customer to put the aircraft back to the Company on January 30, 2013 for its then fair market value, and provided a minimum and maximum price. Both parties believed at the time the agreement was entered into that the put option would terminate before December 31, 2009 based upon certain contract conditions that, if satisfied, would terminate the put option. In December 2009, the parties agreed to change the put option date from January 30, 2013 to July 31, 2013. At that time, the parties also agreed to remove the negotiated floor and ceiling on the fair value determination, in part out of recognition that the fair value at July 31, 2013 could vary significantly from the negotiated limits. The Company determined prior to finalizing the amendment, that the amended agreement would allow the Company to recognize revenue on the Aircrane sale in 2009, which had been the intent of the Company under the original agreement.

Under the original agreement, the Company believes that it may have been precluded from recognizing the sale of the Aircrane in 2009 due to the terms of the put option in accordance with ASC 605-10-S99. Under the amended agreement, because the put option exercise price is the fair market value of the aircraft at the time of exercise, revenue recognition criteria were satisfied and the Company recognized revenue for the sale of the aircraft in 2009. The Company is not able to determine the likelihood that the customer will exercise the put option. If exercised, the exercise price would be the fair market value of the S-64 Aircrane, determined by independent appraisers at the time of exercise, which will be highly dependent upon the hours of usage and the overall customer use profile for the Aircrane, and which makes it difficult to estimate a fair value at this time. However, management believes an anticipated range of fair value, based upon the Company's experience and industry knowledge, should be between $10.0 million and $18.0 million.

Operating Leases

The Company owns substantially all of its property, periodically leases certain premises on a short term basis, and leases a minor amount of its facilities and certain other property under noncancelable operating lease agreements that expire on various dates through May 2032. Certain leases have renewal options. Operating lease expense was $0.7 million, $0.7 million and $0.7 million, for the years ended December 31, 2011, 2010 and 2009, respectively. Minimum future lease payments under noncancelable operating leases at December 31, 2011 are as follows (in thousands):

Year ending December 31:	
2012	$ 497
2013	280
2014	153
2015	60
2016	60
Thereafter	409
	$ 1,459

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Related Party Transactions

Management Services Agreement

On September 27, 2007, the Company entered into a Management Services Agreement with Stonehouse Erickson Management Co. LLC, which is an affiliate of one of the buyers of the Company. Under the agreement, the Company was required to pay to Stonehouse Erickson Management Co. LLC an annual fee (the Management Fee) of (i) \$0.5 million for five years after the date of the Agreement, payable in advance in quarterly installments of \$0.1 million, and (ii) \$0.3 million after five years after the date of the Agreement, payable in advance in quarterly installments of \$62,500. Management fees for Stonehouse Erickson Management Co. LLC were \$0.2 million and \$0.5 million for the year ended December 31, 2010 and 2009, respectively. On December 31, 2009 the Company had a payable balance of \$0.4 million to Stonehouse Erickson Management Co. L.L.C. On January 8, 2010 upon payment of \$0.5 million the Company terminated the management services agreement with Stonehouse Erickson Management Co. LLC.

Second Lien Debt

The Company was party to a Second Lien Credit Agreement with ZM Private Equity Fund II, L.P, as Administrative Agent, pursuant to which the Company borrowed \$20.0 million, and which was due on April 1, 2013.

Lenders of the loan facility included ZM Private Equity Fund II, L.P. and 10th Lane Finance Co., LLC, which is an affiliate of the Company through common ownership.

On June 30, 2010, concurrent with the refinancing of our senior debt, the Company used proceeds from the senior credit facilities to pay-down \$11.5 million of our \$20.0 million Second Lien Debt, and the remaining \$8.5 million was exchanged for unsecured subordinated promissory notes. On June 30, 2010, the Company also paid accrued interest of \$0.4 million and an early termination fee of \$0.2 million related to the Second Lien Debt.

On June 30, 2011, in connection with an amendment to the Credit Agreement, an additional \$10.0 million of unsecured subordinated promissory notes were issued to ZM Private Equity Funds I and II, L.P. at a rate of 20.0% per annum, which is payable in kind by increasing the principal amount of such notes and is payable quarterly. No periodic principal or interest payments are required and the notes mature no earlier than June 30, 2016. Additionally, in connection with the Working Capital Guarantee Credit Agreement the Company issued \$1.0 million in unsecured subordinated promissory notes to ZM Private Equity Funds I and II, L.P. at a rate of 20.0% per annum, which is payable in kind by increasing the principal amount of such notes and is payable quarterly.

Note 14. Derivative Instruments and Hedging Activities

The Company has entered into a number of foreign currency forward contracts. The purpose of these transactions is to reduce the impact of future currency fluctuations related to anticipated cash receipts from expected future revenue that is denominated in a currency other than U.S. dollars. The change in the valuation of the foreign currency forwards portfolio is recorded within other income (expense) in the accompanying consolidated statements of operations.

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ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14. Derivative Instruments and Hedging Activities (Continued)

A summary of open foreign currency forward contracts at December 31, 2011 and 2010 are as follows (all contracts are obligations for the Company to deliver foreign currency i.e., short positions) (in thousands):

Purpose/Maturity		Foreign Quantity	Contract Value	Market Value	Asset (Liability)
2011:					
Italy Aerial Operations maturing through December 2012	€	2,848	$ 3,948	$ 3,702	$ 246
Greece Aerial Operations maturing through December 2012	€	13,718	18,789	17,790	999
Australia Aerial Operations maturing through March 2013		AUD17,848	16,417	17,746	(1,329)
			$ 39,154	$ 39,238	$ (84)

Purpose/Maturity		Foreign Quantity	Contract Value	Market Value	Asset (Liability)
2010:					
Italy Aerial Operations maturing through June 2012	€	6,540	$ 8,592	$ 8,718	$ (126)
Greece Aerial Operations maturing through December 2011	€	10,724	14,089	14,295	(206)
Australia Aerial Operations maturing through June 2012		AUD18,350	16,115	17,934	(1,819)
			$ 38,796	$ 40,947	$ (2,151)

Note 15. Warranty Reserves

A summary of the warranty reserves related to sales of Aircranes consisted of the following (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Balance at beginning of period	$ 1,244	$ 1,705	$ 1,561
Increases to reserves	879		1,500
Warranty provided	(1,108)	(461)	(1,356)
Balance at end of period	$ 1,015	$ 1,244	$ 1,705

Note 16. Involuntary Conversions

On June 25, 2010 Aircrane N229AC was involved in an accident while timber harvesting in Sarawak, Malaysia. The helicopter received substantial damage. The pilot was killed in the accident and the co-pilot was injured, but survived. Insurance claim adjusters informed the Company prior to June 30, 2010, that the incident was a constructive total loss and that the Company's insured value, less deductible, was $9.5 million. The Company recorded a gain on involuntary conversion of $6.3 million, which is included in

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Note 16. Involuntary Conversions (Continued)

the accompanying statement of operations for the year ended December 31, 2010. On July 13, 2010 the Company received the insurance proceeds of $9.5 million and used the proceeds to pay down the outstanding balance of its revolving credit facility.

Note 17. Restructuring

On November 2, 2011, the Company completed a company restructuring which included a reduction-in-force of 119 employees. The restructuring was needed to realign the Company's operating expenses to ensure that it remains competitive in the markets it serves. The cost of the restructuring was $1.1 million for the year ended December 31, 2011. As of December 31, 2011, $0.4 million of these costs were included in accounts payable.

Note 18. Subsequent Events

Subsequent events have been evaluated through March 5, 2012.

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Erickson Air-Crane Incorporated

4,800,000 Shares
Common Stock

PROSPECTUS
, 2012

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

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

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.

Until , 2012, all dealers that buy, sell, or trade the common stock may be required to deliver a prospectus, regardless of whether they are participating in this offering. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable in connection with the sale and distribution of the securities being registered. All amounts are estimated except the SEC registration fee and the FINRA filing fee. Except as otherwise noted, all the expenses below will be paid by Erickson Air-Crane Incorporated.

Item	Amount
SEC registration fee	$ 5,693
FINRA filing fee	5,468
NASDAQ listing fee	125,000
Legal fees and expenses	2,200,000
Accounting fees and expenses	895,000
Printing and engraving expenses	675,000
Transfer agent and registrar fees	3,500
Blue Sky fees and expenses	15,000
Directors and officers insurance	300,000
Miscellaneous fees and expenses	175,000
Total	4,399,661

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law (the "DGCL"), authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred or, arising under the Securities Act of 1933, as amended. Our second amended and restated certificate of incorporation provides for indemnification of our directors, officers, employees, and other agents to the maximum extent permitted by the DGCL, and our second amended and restated bylaws provide for indemnification of our directors, officers, employees, and other agents to the maximum extent permitted by the DGCL. In addition, we have entered into indemnification agreements with our directors, officers, and some employees containing provisions which are in some respects broader than the specific indemnification provisions contained in the DGCL. The indemnification agreements may require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. Reference is also made to Section 7 of the underwriting agreement to be filed as Exhibit 1.1 hereto, which provides for indemnification by the underwriter of our officers and directors against certain liabilities.

Item 15. Recent Sales of Unregistered Securities

None.

Item 16. Exhibits and Financial Statement Schedules

(a)
Exhibits

Exhibit No.	Description of Exhibit
1.1**	Form of Underwriting Agreement.
3.1**	Amended and Restated Certificate of Incorporation of Erickson Air-Crane Incorporated.
3.2**	Amended and Restated Bylaws of Erickson Air-Crane Incorporated.
3.3**	Form of Second Amended and Restated Certificate of Incorporation of Erickson Air-Crane Incorporated.
3.4**	Form of Second Amended and Restated Bylaws of Erickson Air-Crane Incorporated.
4.1**	Amended and Restated Registration Rights Agreement by and between Erickson Air-Crane Incorporated and other parties, dated April 21, 2010.
5.1**	Opinion of Milbank, Tweed, Hadley & McCloy LLP.
10.1**	Form of Indemnification Agreement made by and between Erickson Air-Crane Incorporated and each of its directors and officers and some employees.
10.2	[Reserved.]
10.3	[Reserved.]
10.4	[Reserved.]
10.5	[Reserved.]
10.6	[Reserved.]
10.7**	Amended and Restated Executive Employment Agreement between Udo Rieder and Erickson Air-Crane Incorporated, dated April 22, 2010.
10.8**	Amended and Restated Executive Employment Agreement between Charles E. Ryan and Erickson Air-Crane Incorporated, dated April 22, 2010.
10.9**	Severance Agreement and Release of All Claims by and between Eric Fraenkel and Erickson Air-Crane Incorporated, dated January 3, 2012.
10.10**	Amended and Restated Executive Employment Agreement between H.E. "Mac" McClaren and Erickson Air-Crane Incorporated, dated April 22, 2010.
10.11**	Executive Employment Agreement between Edward T. Rizzuti and Erickson Air-Crane Incorporated, effective as of January 1, 2012.
10.12**	Offer Letter between Gary Zamieroski and Erickson Air-Crane Incorporated, dated February 24, 2012.
10.13	[Reserved.]
10.14	[Reserved.]
10.15**	Exclusive Use Helicopter Services Large Fire Support Agreement between the U.S. Forest Service and Erickson Air-Crane

Incorporated, dated December 16, 2011.

Exhibit No.	Description of Exhibit
10.16**	Aircraft Purchase Agreement in Respect of One (1) Erickson S-64F Aircraft, Manufacturer's Serial Number 64095, between San Diego Gas & Electric Company and Erickson Air-Crane Incorporated, dated May 26, 2009, as amended. Portions of this exhibit have been redacted and filed separately with the SEC pursuant to a confidential treatment request.
10.17**	Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated June 24, 2010.
10.17(a)**	First Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated November 15, 2010.
10.17(b)**	Second Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated December 31, 2010.
10.17(c)**	Third Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated May 19, 2011.
10.17(d)**	Fourth Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated June 30, 2011.
10.18**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2010; Promissory Note issued by Erickson Air-Crane, Incorporated to 10th Lane Finance Co., LLC, dated June 30, 2010.
10.19**	Executive Employment Agreement between David A. Ford and Erickson Air-Crane Incorporated, dated June 28, 2010.
10.19(a)**	Amendment No. 1 to Executive Employment Agreement between David A. Ford and Erickson Air-Crane Incorporated, dated January 27, 2012.
10.20	[Reserved.]
10.21**	Form of Erickson Air-Crane Incorporated 2012 Long-Term Incentive Plan.
10.21(a)**	Form of Restricted Stock Unit Agreement.
10.22**	Aircraft Lease and Purchase Option Agreement in Respect of One (1) Erickson S-64E Aircraft between HRT Netherlands B.V. and Erickson Air-Crane Incorporated, dated August 1, 2011. Portions of this exhibit have been redacted and filed separately with the SEC pursuant to a confidential treatment request.
10.22(a)**	Amendment No. 1 to the Aircraft Lease and Purchase Option Agreement in Respect of One (1) Erickson S-64E Aircraft between HRT Netherlands B.V. and Erickson Air-Crane Incorporated, dated October 11, 2011. Portions of this exhibit have been redacted and filed separately with the SEC pursuant to a confidential treatment request.
10.23**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund I, L.P., dated June 30, 2011.
10.24**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund I, L.P., dated June 30, 2011.

Exhibit No.	Description of Exhibit
10.25**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2011.
10.26**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2011.
10.27**	Form of Amendment to Promissory Note issued by Erickson Air-Crane Incorporated.
21.1**	List of significant subsidiaries of the registrant.
23.1**	Consent of Milbank, Tweed, Hadley & McCloy LLP (included in Exhibit 5.1).
23.2	Consent of Grant Thornton LLP.
23.3**	Consent of Meredith R. Siegfried.
23.4**	Consent of Gary R. Scott.
23.5**	Consent of Hank Halter.
23.6**	Consent of James L. Welch.
24.1**	Power of Attorney for Udo Rieder.
24.2**	Power of Attorney for Charles Ryan.
24.3**	Power of Attorney for Quinn Morgan.
24.4**	Power of Attorney for Kenneth Lau.
99.1**	Letter of Intent in respect of the Purchase of One (1) Erickson Remanufactured S-64 Model Helicopter with Option for Three (3) Additional Aircraft between Erickson Air-Crane Incorporated and Türk Hava Kuruma, dated February 10, 2012.
99.2**	Consent of RISI, Inc.

** Previously filed.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted as to directors, officers, and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, an officer or a controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such

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indemnification by us is against public policy as expressed in the Securities Act, and we will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus as filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Portland, State of Oregon, on the 9th day of April, 2012.

ERICKSON AIR-CRANE INCORPORATED

By: /s/ UDO RIEDER

Udo Rieder
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ UDO RIEDER Udo Rieder	Chief Executive Officer and Director (principal executive officer)	April 9, 2012
/s/ CHARLES RYAN Charles Ryan	Chief Financial Officer (principal financial and accounting officer)	April 9, 2012
/s/ QUINN MORGAN Quinn Morgan	Director, Chairman of the Board	April 9, 2012
/s/ KENNETH LAU Kenneth Lau	Director	April 9, 2012

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10.17(a)**	First Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated November 15, 2010.
10.17(b)**	Second Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated December 31, 2010.
10.17(c)**	Third Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated May 19, 2011.
10.17(d)**	Fourth Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated June 30, 2011.
10.18**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2010; Promissory Note issued by Erickson Air-Crane, Incorporated to 10th Lane Finance Co., LLC, dated June 30, 2010.
10.19**	Executive Employment Agreement between David A. Ford and Erickson Air-Crane Incorporated, dated June 28, 2010.
10.19(a)**	Amendment No. 1 to Executive Employment Agreement between David A. Ford and Erickson Air-Crane Incorporated, dated January 27, 2012.
10.20	[Reserved.]
10.21**	Form of Erickson Air-Crane Incorporated 2012 Long-Term Incentive Plan.
10.21(a)**	Form of Restricted Stock Unit Agreement.
10.22**	Aircraft Lease and Purchase Option Agreement in Respect of One (1) Erickson S-64E Aircraft between HRT Netherlands B.V. and Erickson Air-Crane Incorporated, dated August 1, 2011. Portions of this exhibit have been redacted and filed separately with the SEC pursuant to a confidential treatment request.
10.22(a)**	Amendment No. 1 to the Aircraft Lease and Purchase Option Agreement in Respect of One (1) Erickson S-64E Aircraft between HRT Netherlands B.V. and Erickson Air-Crane Incorporated, dated October 11, 2011. Portions of this exhibit have been redacted and filed separately with the SEC pursuant to a confidential treatment request.
10.23**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund I, L.P., dated June 30, 2011.
10.24**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund I, L.P., dated June 30, 2011.

Exhibit No.	Description of Exhibit
10.25**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2011.
10.26**	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2011.
10.27**	Form of Amendment to Promissory Note issued by Erickson Air-Crane Incorporated.
21.1**	List of significant subsidiaries of the registrant.
23.1**	Consent of Milbank, Tweed, Hadley & McCloy LLP (included in Exhibit 5.1).
23.2	Consent of Grant Thornton LLP.
23.3**	Consent of Meredith R. Siegfried.
23.4**	Consent of Gary R. Scott.
23.5**	Consent of Hank Halter.
23.6**	Consent of James L. Welch.
24.1**	Power of Attorney for Udo Rieder.
24.2**	Power of Attorney for Charles Ryan.
24.3**	Power of Attorney for Quinn Morgan.
24.4**	Power of Attorney for Kenneth Lau.
99.1**	Letter of Intent in respect of the Purchase of One (1) Erickson Remanufactured S-64 Model Helicopter with Option for Three (3) Additional Aircraft between Erickson Air-Crane Incorporated and Türk Hava Kuruma, dated February 10, 2012.
99.2**	Consent of RISI, Inc.

** Previously filed.