Erickson Air-Crane Inc
Form S-1/A
August 09, 2010

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As filed with the Securities and Exchange Commission on August 6, 2010

Registration No. 333-166752

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2
TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ERICKSON AIR-CRANE INCORPORATED

(Exact name of registrant as specified in its charter)

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

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

Charles Ryan
Chief Financial Officer
Erickson Air-Crane Incorporated
5550 SW Macadam Avenue, Suite 200
Portland, Oregon 97239
(503) 505-5800
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

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

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

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

(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter

become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

Subject to Completion,
Preliminary Prospectus dated August 6, 2010

PROSPECTUS

Shares

Erickson Air-Crane Incorporated

Common Stock

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

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

Investing in our common stock involves risks. See "Risk Factors" beginning on page 11 of this prospectus.

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

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

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

The underwriters expect to deliver the shares on or about , 2010.

BofA Merrill Lynch **Stifel Nicolaus**

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

The date of this prospectus is , 2010.

Neither we, the underwriters, nor the selling stockholders have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. You should not rely on any information other than the information contained in this prospectus and in any free-writing prospectus that we prepare. Neither we, the underwriters, nor the selling stockholders take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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

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EXPLANATORY NOTE REGARDING 2007 ACQUISITION AND FINANCIAL STATEMENT PRESENTATION

All of our issued and outstanding common stock was acquired in a merger transaction on September 27, 2007. Although we continued as the same legal entity following the acquisition, throughout this prospectus we refer to periods ended on or prior to September 26, 2007 as "predecessor" periods and periods beginning on or after September 27, 2007 as "successor" periods. The predecessor period balance sheets reflect the historical accounting basis in our assets and liabilities, and the successor period balance sheets reflect the new basis in our assets and liabilities resulting from the acquisition.

Beginning September 27, 2007, the date of our acquisition, our operating results have been affected by fair value purchase accounting adjustments. These adjustments have altered the book value of our aircraft, property, plant and equipment, and aircraft support parts as of the acquisition date and have impacted our operating costs in each of the successor periods presented in this prospectus as compared to the predecessor periods. For example, in accordance with fair value accounting rules, on the acquisition date, we reduced the book value of our aircraft support parts by $48 million. As a result of this adjustment, the cost of revenues in each of the successor periods presented in this prospectus reflects the lower carrying value of our aircraft support parts that have been sold or used by the company in its maintenance, repair, and overhaul operations. The aggregate effect of the purchase accounting adjustment with respect to our inventory was approximately $18 million from the date of acquisition through December 31, 2009. Based on our past experience and historical inventory usage patterns, we expect to largely realize the benefit of the approximately $30 million remaining fair value purchase accounting adjustment to aircraft support parts over the next five years as we sell and use our legacy inventory. Our legacy inventory consists of aircraft parts and components purchased over multiple years for which there is no liquid market; therefore, there is no guarantee that we will be able to purchase new inventory at the carrying values currently reflected on our balance sheet.

EXPLANATORY NOTE REGARDING RECAPITALIZATION

In connection with this offering, we will amend and restate our certificate of incorporation to convert our Series A Redeemable Preferred Stock and our Class A Common Stock into an aggregate of 7,405,436 shares of a single class of common stock. Unless otherwise noted, the information in this prospectus gives effect to our recapitalization and the amendment and restatement of our certificate of incorporation. We also intend to adopt our 2010 Stock Incentive Plan under which we intend to issue restricted common stock or rights to receive stock to certain of our employees concurrent with the completion of this offering. See "Capitalization" and "Executive Compensation 2010 Stock Incentive Plan" for additional information.

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PROSPECTUS SUMMARY

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

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

Our Company

We specialize in the operation and manufacture of the Erickson S-64 Aircrane, a versatile and powerful heavy-lift helicopter. The Aircrane is the only commercial helicopter with a rear-load facing cockpit, which allows for precision lift and load placement. Our fleet of 16 owned S-64s and our specialized pilots and crews provide various aerial services, including firefighting, timber harvesting, and infrastructure construction, to government and commercial customers throughout the world. We also manufacture S-64s and related components for sale and provide maintenance, repair, and overhaul (MRO) services for the S-64 and other aircraft. In 2009, our Aerial Services and Manufacturing / MRO segments generated revenues of $113.6 million and $36.0 million, respectively.

We own the Type and Production Certificates for the S-64, granting us exclusive design, manufacturing, and related rights for the aircraft and original equipment manufacturer (OEM) components. We continuously invest in new technologies and proprietary solutions with a goal of increasing our market share and entering new markets. We have made over 350 design improvements to the S-64 since acquiring the Type Certificate and we have developed Aircrane accessories that enhance our aerial operations, such as our firefighting tank system and snorkel, timber "heli harvester," and anti-rotation device and hoist. To date, we have sold nine Aircranes, including our first sale to a commercial customer in 2009. We believe we are the only fully integrated developer, manufacturer, operator, and provider of aftermarket parts and services for a precision heavy-lift helicopter platform, and that there are significant growth opportunities for our business. For example, we believe population growth and deconcentration, which increases the size and breadth of communities that must be protected from wildfires, will lead to increased government spending on rapid response, heavy-lift firefighting solutions like ours. See "Business Competition" and "The Commercial Heavy-Lift Helicopter Industry Commercial Heavy-Lift Helicopter Markets." We target long-term contract opportunities and had a total contract backlog of $330.2 million as of August 1, 2010, of which $178.2 million was from signed multi-year contracts and $152.0 million was from anticipated contract extensions. See "Business Backlog" for a discussion of how we define and calculate backlog.

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

Our Competitive Strengths

Versatile Heavy-Lift Helicopter Solutions. The versatility and high payload capacity of the S-64, its proprietary mission-specific accessories, and the skill of our pilots and crew, make the S-64 an attractive solution for a wide variety of aerial services. We believe our fleet of 16 owned S-64 Aircranes

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is the largest commercial fleet of helicopters in the world capable of carrying loads in excess of 20,000 lbs. We believe our role as the manufacturer of the S-64, combined with our scale, service readiness, and comprehensive global support network, provides us with a leadership position in the heavy-lift helicopter industry. See "Business Competition."

Vertically Integrated Business Model. We offer a full spectrum of heavy-lift helicopter solutions, including the design, engineering, development, manufacturing, and testing of the S-64 aircraft, as well as aerial services, crewing, MRO, and aftermarket support. We believe our integrated business model reduces our costs, diversifies our revenue stream, and results in better products and services through close collaboration between our product engineers and our operations personnel.

Established International Presence. During our history, we have operated in 16 countries across four continents. Global operations allow us to maximize the use of our fleet for seasonal aerial services and position us to capitalize on opportunities in a broad range of geographies. We currently maintain a year-round international presence in Canada, Italy, and Malaysia, and a seasonal operating presence in Australia and Greece.

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

Valuable Long-Term Customer Relationships and Contracts. We focus on building long-term relationships with key customers, some of whom have been continuous customers for more than 20 years, through reliable performance and a strong commitment to safety and service. We believe that our established relationships allow us to effectively compete for and win new projects and contract renewals. Our long-term relationships help provide us with visibility with respect to our revenue, aircraft utilization, and scheduled usage patterns.

Experienced and Growth-Oriented Management Team. Our senior management team is composed of six individuals, including two former U.S. military helicopter pilots, with an average of 28 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 senior management team is supported by 15 executive directors averaging more than 15 years of experience in the helicopter services and aerospace manufacturing industries.

Our Strategy

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

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

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

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

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

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

Crewing. We have experienced strong demand for crewing services from customers who have purchased our aircraft and we expect this trend to continue as the global installed base of S-64s expands.

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

Expand Our MRO and Aftermarket Solutions. We intend to leverage the expertise of our highly trained engineers and maintenance support personnel to extend our MRO capabilities across aircraft platforms similar to the S-64. We recently entered into a non-binding memorandum of understanding with Bell Helicopter Textron Inc. (Bell) to negotiate terms for the exclusive design, certification, manufacture, and delivery of an enhanced fuel system for Bell's 214 helicopter model; however, there is no guarantee that we will enter into a binding agreement with Bell. We believe that we are also well-positioned to provide similar services for other aircraft, directly or in partnership with OEMs.

Maintain a Continued Focus on Research and Development. We are dedicated to continuous innovation and significant research and development projects. Our operations have benefited from innovations such as our fire tank and snorkels, anti-rotation device and hoist, and hydraulic grapple. We have several new product applications and aircraft accessories under development, including a redesigned Automated Flight Control System, night vision cockpit instrumentation, an aerial vacuum lift device, composite main rotor blades, and a universal multi-purpose container for cargo transportation. See "Business Research and Development."

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

Changes to Our Company Since Our 2007 Acquisition

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

Management. Within the last two years, we have added five of the six members of our senior management team, including our CEO and CFO, as well as Heads of Global Sales and Marketing, Aircraft Manufacturing and MRO, and Aerial Services. This management team

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has extensive experience in the helicopter services and aerospace manufacturing sectors and has brought significant improvements to our operations.

Focus on long-term contracts. We have focused on obtaining long-term contracts and increased our long-term backlog as of August 1, 2010 by $297.1 million to $330.2 million compared to September 26, 2007. We derived more than 50% of our 2009 revenues from long-term contracts, some of which extend beyond 2014.

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

Increased effort to expand Aircrane sales. We have a sales group dedicated solely to expanding Aircrane sales. The new group has significantly increased our sales pipeline activities. In 2009, under the leadership of our new Head of Global Sales and Marketing, we completed our first sale of an Aircrane to a commercial customer.

Improved standards for safety and quality. We have implemented specific, company-wide safety and quality processes to further enhance our safety and quality culture and now exceed several recommended FAA standards.

Recent Developments

Since June 1, 2010,

One of our S-64 in Malaysia was involved in an accident that resulted in the loss of the aircraft and the death of the pilot. The co-pilot sustained injuries from which he is recovering. The loss of the aircraft was covered by insurance and we recorded a net gain of $6.3 million related to the loss in the period ended June 30, 2010, after accounting for insurance proceeds. We are completing the construction and certification of an additional S-64 which we expect to complete and introduce into our fleet in the fourth quarter of 2010.

We entered into a new four year agreement to provide firefighting services in Greece to the Hellenic Fire Brigade.

We entered into a new five-year agreement (with a potential five-year extension) with Asiatic Lumber Industries Sdn. Bhd. to harvest tropical timber from the Yayasan Sabah concession in Sabah, Malaysia.

We entered into a new two-year agreement for an additional Aircrane with the United States Forest Service to provide firefighting services, which is in addition to the contracts we have in place for five Aircranes with the United States Forest Service.

We entered into a new four-year agreement with San Diego Gas & Electric to provide cost per hour maintenance services for its S-64.

We entered into a non-binding memorandum of understanding with Bell Helicopter Textron Inc. (Bell) to negotiate terms for the exclusive design, certification, manufacture, and delivery of an enhanced fuel system for Bell's 214 helicopter model. There is no guarantee, however, that we will enter into a binding agreement with Bell.

We entered into a credit agreement with a bank syndicate led by Wells Fargo Bank, National Association, which consists of a $65.0 million term loan facility and a revolving credit facility of up to $67.5 million. These facilities replaced our prior senior credit facilities and we also used proceeds from these facilities to partially pay-down our second lien debt. See

"Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

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THE OFFERING

Common stock offered by Erickson Air-Crane Incorporated	shares
Common stock to be outstanding after this offering	shares
Common stock subject to overallotment option granted by selling stockholders	shares (these shares will only be sold, in full or in part, if the underwriters exercise their overallotment option to purchase additional shares)
Use of proceeds	We estimate that we will receive net proceeds from the sale of shares of common stock in this offering of approximately $ million, assuming an initial public offering price of $ per share, the midpoint of the sale price range set forth on the cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the proceeds of this offering as follows: approximately $ million to manufacture S-64 Aircranes and related components; approximately $ million to pay down indebtedness under our revolving credit facility, which will increase the amounts available for future borrowing; approximately $ million to pay down our unsecured subordinated promissory notes; and the remaining net proceeds for general corporate and working capital purposes, including possible acquisitions of additional aircraft or businesses to complement our aerial services and enhance our service offerings. We have had informal discussions about potential acquisitions of this nature but currently have no definitive agreements or understandings with respect to any of them. We anticipate that the actual allocation of our resources to the above or other uses will depend on the needs and opportunities that our management perceives at the time of the allocation. For example, the amount allocated to the manufacture of S-64 Aircranes and related components represents management's current estimate based on its perceived needs and opportunities. The actual allocation of the net proceeds to this category may be greater or less than the amount currently estimated based on changes in our opportunities and requirements for aircraft and components, the availability and price of airframes and other components or for other reasons that management does not currently anticipate.

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	We will not receive any of the proceeds from the sale of shares by the selling stockholders. However, we will pay all expenses related to this offering other than the underwriting discount and commissions in connection with the sales of shares of our common stock by the selling stockholders. See "Use of Proceeds" for additional information.
Proposed NASDAQ Global Market symbol	EAC
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before investing in shares of our common stock.

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

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

643,951 shares of common stock reserved for issuance under our 2010 Stock Incentive Plan, which we intend to adopt prior to completing this offering, which includes the following shares of restricted stock, or rights to receive stock, that we intend to issue concurrently with this offering: (1) 426,897 shares to certain members of senior management; (2) an estimated 17,500 shares to a broad base of our employees based on years of service with the company; and (3) an estimated 7,500 shares to our independent directors. The estimated share amounts for employees and independent directors are based on the midpoint of the sale price range set forth on the cover of this prospectus. The actual number of shares to be awarded to employees and independent directors will be based on an aggregate dollar amount and will depend on the sale price of our common stock in this offering.

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

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SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our summary consolidated financial and other data. We derived our summary consolidated financial and other data as of December 31, 2008 and 2009, for the period from January 1, 2007 through September 26, 2007, for the period from September 27, 2007 through December 31, 2007, and for the years ended December 31, 2008 and 2009 from our audited consolidated financial statements, which are included elsewhere in this prospectus.

Our consolidated balance sheet data as of June 30, 2010 and our consolidated statements of operations data and cash flows data for the six months ended June 30, 2009 and 2010 are derived from our unaudited condensed consolidated financial statements and notes thereto included elsewhere in the prospectus. Our consolidated balance sheet data as of June 30, 2009 are derived from our unaudited condensed consolidated financial statements not included in the prospectus. These unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

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

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(In thousands, except share and per share amounts)	Predecessor(1) Period from January 1, 2007 through September 26, 2007	Successor Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
Consolidated Statement of Operations Data:						
Net revenues:						
Aerial services	$ 126,355	$ 25,524	$ 136,548	$ 113,603	$ 43,055	$ 36,631
Manufacturing / MRO	35,872	17,823	5,376	36,019	2,602	5,700
Total net revenues	162,227	43,347	141,924	149,622	45,657	42,331
Cost of revenues:						
Aerial Services	80,715	19,722	96,750	76,855	35,892	37,359
Manufacturing / MRO	24,360	13,065	5,019	21,272	2,008	3,250
Total cost of revenues	105,075	32,787	101,769	98,127	37,900	40,609
Gross profit	57,152	10,560	40,155	51,495	7,757	1,722
Operating expenses:						
General and administrative	12,711	4,211	14,010	14,877	6,092	6,725
Research and development	10,290	3,328	7,024	6,889	3,418	4,209
Selling and marketing	1,140	354	1,984	5,115	2,091	2,939
Total operating expenses	24,141	7,893	23,018	26,881	11,601	13,873
Operating income (loss)	33,011	2,667	17,137	24,614	(3,844)	(12,151)
Other income (expense):						
Interest income	205	95	305	157	39	12
Interest expense	(3,395)	(2,307)	(7,070)	(6,163)	(3,112)	(2,069)
Loss on early extinguishment of debt						(2,265)
Other income (expense)(2)	(1,207)	(12,906)	5,962	(987)	86	7,046
Total other income (expense)	(4,397)	(15,118)	(803)	(6,993)	(2,987)	2,724
Net income (loss) before income taxes and noncontrolling interest	28,614	(12,451)	16,334	17,621	(6,831)	(9,427)
Income tax expense (benefit)	10,000	(4,500)	6,000	5,330	(2,543)	(3,553)
Net income (loss)	18,614	(7,951)	10,334	12,291	(4,288)	(5,874)
Less: Net (income) loss related to noncontrolling interest(3)	(473)	232	(230)	(239)	100	(316)
Net income (loss) attributable to Erickson Air-Crane Incorporated	18,141	(7,719)	10,104	12,052	(4,188)	(6,190)
Dividends on series A redeemable preferred stock(4)		1,403	5,877	6,806	3,268	3,793
Net income (loss) attributable to common stockholders	$ 18,141	$ (9,122)	$ 4,227	$ 5,246	$ (7,456)	$ (9,983)
Net income (loss)	18,614	(7,951)	10,334	12,291	(4,288)	(5,874)
Other comprehensive income (loss):						
Foreign currency translation adjustment	614	98	(540)	571	101	(277)
Comprehensive income (loss)	$ 19,228	$ (7,853)	$ 9,794	$ 12,862	$ (4,187)	$ (6,151)

Pro forma earnings (loss) per share (unaudited):(5)						
Basic	$ 2.45	$ (1.04)	$ 1.36	$ 1.63	$ (0.57)	$ (0.84)
Diluted	$ 2.25	$ (1.04)	$ 1.26	$ 1.50	$ (0.57)	$ (0.84)
Pro forma weighted average shares outstanding (unaudited):(5)						
Basic	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436
Diluted	8,049,387	7,405,436	8,049,387	8,049,387	7,405,436	7,405,436

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	As of December 31, 2008	As of December 31, 2009	As of June 30, 2010
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 2,303	$ 3,536	$ 4,004
Aircranes, property, plant and equipment, net	46,998	44,829	42,416
Working capital (deficit)(6)	(2,754)	(580)	(10,329)
Total assets	168,369	178,967	193,963
Total debt(7)	86,208	80,546	98,071
Series A redeemable preferred stock(8)	42,279	49,085	52,878
Stockholders' equity:			
Common stock	1	1	1
Total stockholders' equity (deficit)	(4,454)	485	(9,459)

	Predecessor(1)	Successor				
(In thousands)	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
Consolidated Statement of Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	$ (3,966)	$ 24,818	$ (8,717)	$ 9,900	$ (8,188)	$ (15,219)
Investing activities	667	(91,970)	546	(2,667)	(1,333)	(1,479)
Financing activities	1,152	69,737	2,111	(5,662)	8,428	16,113

	Predecessor(1)	Successor				
(In thousands, except percentages)	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
Other Financial Data:						
Gross margin %	35.2%	24.4%	28.3%	34.4%	17.0%	4.1%
Operating margin %	20.3%	6.2%	12.1%	16.5%	(8.4)%	(28.7)%
EBITDA (unaudited)(9)	$ 36,843	$ (8,905)	$ 27,537	$ 28,742	$ (1,117)	$ (4,979)

(1) The period from January 1, 2007 through September 26, 2007 does not include the effect of fair value purchase accounting adjustments resulting from our acquisition on September 27, 2007. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business."

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

(3) Effective January 1, 2009, we adopted the new accounting guidance for noncontrolling interests, which changed the accounting for and the reporting of minority interest, now referred to as noncontrolling interests. This resulted in the reclassification of minority interest amounts, previously classified as a separate component of equity, to "Noncontrolling Interest," a component within permanent

equity on the consolidated balance sheets. Additionally, net income (loss) and comprehensive income (loss) attributable to noncontrolling interests are reflected separately from consolidated net income (loss) and comprehensive income (loss) on the consolidated statements of operations and statements of changes in stockholders' deficit. We applied the new accounting guidance prospectively, except for the presentation and disclosure requirements, which have been applied retroactively for all periods presented.

(4)

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

(5)

Pro forma amounts give effect to our recapitalization in connection with this offering, including the conversion of Series A Redeemable Preferred Stock into common stock. The pro forma weighted diluted share amounts also include 643,951 shares of restricted common stock, or rights to receive common stock, of which we intend

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to issue 451,897 shares, or rights to receive shares, concurrently with this offering under our proposed 2010 Stock Incentive Plan (except for the periods September 27, 2007 through December 31, 2007 and the six months ended June 30, 2009 and 2010 because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2010 Stock Incentive Plan."

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

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

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

(9) EBITDA is defined as net income (loss) before interest expense, provision for (benefit from) income taxes, and depreciation and amortization. EBITDA is not a financial measurement prepared in accordance with GAAP and should not be considered as an alternative to net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity or any other measure of financial performance presented in accordance with GAAP. We present EBITDA because we believe it is an important measure of our operating performance and provides more comparability between our historical results by taking into account our capital structure including (i) changes in our asset base (depreciation and amortization) from the 2007 acquisition or otherwise and from capital expenditures, and (ii) changes in interest expense and amortization of financing costs. Because not all companies use identical calculations, our presentation of EBITDA may not be comparable to similarly titled measures of other companies.

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

(In thousands)	Predecessor(1) Period From January 1, 2007 through September 26, 2007	Successor Period From September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
EBITDA Reconciliation:						
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 18,141	$ (7,719)	$ 10,104	$ 12,052	$ (4,188)	$ (6,190)
Interest expense, net	3,190	2,212	6,765	6,006	3,073	2,057
Tax expense (benefit)	10,000	(4,500)	6,000	5,330	(2,543)	(3,553)
Depreciation	5,440	901	3,863	4,378	2,121	2,299
Amortization of debt issuance costs	72	201	805	976	420	408
EBITDA	$ 36,843	$ (8,905)	$ 27,537	$ 28,742	$ (1,117)	$ (4,979)

We use an adjusted EBITDA (Bank EBITDA) to monitor compliance with various financial covenants under our credit agreements. Under the credit agreement we entered into in June 2010, in addition to adjusting net income (loss) to exclude interest expense, provision for (benefit from) income taxes, and depreciation and amortization, Bank EBITDA also adjusts net income by excluding non-cash mark-to-market foreign exchange gains (losses), agreed litigation expenses of up to $2.0 million per each twelve 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, IPO related non-capitalized expenses up to a maximum of $2.0 million and other unusual, extraordinary, non-recurring non-cash costs. Bank EBITDA also assists us in monitoring our ability to undertake key investing and financing functions such as making investments and incurring additional indebtedness, which may be prohibited by the covenants under our credit facilities unless we meet certain financial ratios and tests. Bank EBITDA, as presented herein, is a supplemental measure of our performance that is not required by or presented in accordance with GAAP. Bank EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to revenue, net income (loss), cash flow, or any other performance measure derived in accordance with GAAP. Our presentation of Bank EBITDA may not be comparable to similarly titled measures of other companies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness Bank EBITDA."

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RISK FACTORS

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

Risks Related to Our Business

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

The operation of helicopters inherently involves a high degree of risk. Hazards such as aircraft accidents, mechanical failures, collisions, fire, and adverse weather may result in loss of life, serious injury to employees and other persons, damage to property, losses of equipment and revenues, and suspension or reduction of operations. The aerial services we provide and the missions we fly, which include firefighting and timber harvesting in confined spaces, can be hazardous. Since 2003, we had seven accidents that resulted in the loss or hangar rebuild of aircraft, injuries to pilots and crew, and four fatalities. We have also from time to time had accidents and incidents that have resulted in damage to our aircraft and minor injuries to our pilots and crew. For example, helicopter rotor blades have struck tree limbs and been damaged during logging operations, and our helicopters have been damaged, and crew have been injured, during emergency landings. See "Business Legal Proceedings" and Note 13 to our consolidated financial statements. In addition, we ship our helicopters to various locations, which exposes them to risks, including risks relating to piracy and inclement weather, when in transit.

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

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

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

A favorable safety record is one of the primary factors a customer reviews in selecting an aviation provider. If we fail to maintain our safety and reliability record, our ability to attract new customers and maintain our current customers will be materially and adversely affected. In addition, safety violations could lead to increased regulatory scrutiny; increase our insurance rates, which is a significant operating cost; or increase the difficulty of maintaining our existing insurance coverage in the future, which would adversely affect our operations. Because of the inherent risks in our helicopter operations, no safety program can guarantee accidents will not occur. Since June 2003, we had seven accidents that resulted in the loss or hangar rebuild of aircraft, injuries to pilots and crew, and four fatalities. We have also from time to time had accidents and incidents that have resulted in damage to our aircraft and minor injuries to our pilots and crew. For example, helicopter rotor blades have struck tree limbs and been damaged during logging operations, and our helicopters have been damaged, and crew have been injured, during emergency landings. See "Business Legal Proceedings" and Note 13 to our consolidated financial statements.

The helicopter services business is highly competitive.

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

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

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

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

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

A significant portion of our operating revenue is dependent on actual flight hours, and a substantial portion of our direct costs is fixed. Flight hours could be negatively impacted by factors

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beyond our control and fluctuate depending on cyclical weather-related and seasonal limitations, which would affect our revenues and operations. These factors include:

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

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

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

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

We derive a significant amount of our revenue from a small number of major customers, including the U.S. Forest Service, the Hellenic Fire Brigade, the Australia Fire Service, the Los Angeles City and County Fire Departments, the Italian Ministry of Civil Protection, and Samling Global. Some of our customer contracts, including those with large customers, include "call when needed" provisions, and therefore the precise amounts we will ultimately earn under these agreements are not known. Approximately 57% of our 2009 revenues were attributable to these customers. Contracts with the majority of our significant customers are multi-year contracts; however, these contracts are periodically up for renewal or rebid. Renewal, or a successful rebid, is not guaranteed. Should we lose one of our significant customers, we cannot assure you that we will be able to offset the loss with revenues from new or other existing customers. Reduced revenues would have a material adverse effect on our business and operations. If one or more of these customers is disproportionately impacted by factors that affect its ability to pay us or to enter into new contracts, including general economic factors, our operations could be materially and adversely affected.

In 2009, approximately 10.5% of our revenues were derived from our agreement with Intelligent Communication Systems and Services S.A. (ICSS). Under this agreement, we leased our Aircranes, and provided associated crewing and maintenance services, to ICSS, which provided firefighting services to the Hellenic Fire Brigade, a Greek governmental agency, in prior firefighting seasons. At June 30, 2010, our receivable related to this arrangement was €2.7 million and is not past due. Our ability to collect this receivable from ICSS depends on its ability to collect from the Hellenic Fire Brigade. In June, we entered into an agreement to provide firefighting services directly to the Hellenic Fire Brigade. Because of concerns relating to the economic crisis in Greece, including concerns relating to Greece's ability to pay its debts as they become due, we negotiated advance payments comprising approximately 50% of the expected 2010 revenues under our June 2010 agreement. If ICSS or the Hellenic Fire Brigade defaults on obligations under prior or current agreements, our business, financial condition, and results of operations would be adversely affected. In addition, changes in economic and other conditions affecting our significant customers may impact our overall credit risk.

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We have a significant backlog that may be deferred or may not be entirely realized.

Backlog represents the amount of revenue that we expect to derive from signed multi-year contracts, including oral contracts that have been subsequently memorialized in writing, or anticipated contract extensions. As of August 1, 2010, we had approximately $330.2 million of backlog, of which $178.2 million was from signed multi-year contracts and $152.0 million was from anticipated contract extensions. For contracts that include both a daily and hourly rate component, only the daily component of revenue is included in backlog and an estimate of the expected hourly revenue is not included. For contracts that include a guaranteed number of hours, the value of the guaranteed hours is included in backlog. We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the per cubic meter of high grade timber we expect to deliver under the contract based on our experience. For example, although the new ten-year agreement (five base years, with an option for five additional years) we entered into in June 2010 with Asiatic Lumber Industries Sdn. Bhd. to harvest tropical timber from the Yayasan Sabah concession in Sabah, Malaysia provides for no guaranteed minimum number of hours to be flown by us, we have included estimated revenue of $152.0 million from this timber harvesting agreement in our backlog based on our past experience and the area of forest contemplated under the agreement. As a result, our estimates of backlog for some of our timber harvesting contracts could be affected by variables beyond our control and may not be entirely realized, if at all.

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

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

We generate a large portion of our revenues from arrangements with customers with terms of less than one year, *ad hoc* arrangements, and "call when needed" contracts. In 2009, for example, approximately 40% of our revenues were derived from such arrangements. There is a risk that customers may not continue to seek the same level of services from us as they have in the past or that they will not renew these arrangements or terminate them at short notice. Under "call when needed" contracts, we pre-negotiate rates for providing services that customers may request that we perform (but which we are not typically obligated to perform) depending on their needs. The rates we charge for these contingent services are higher than the rates under stand-by arrangements, and we attempt to schedule our aircraft to maximize our revenue from these types of contracts. The ultimate value we derive from such contracts is subject to factors beyond our control, such as the severity and duration of fire seasons. In the past, several of our larger contracts have not been renewed for reasons unrelated to our performance, such as the financial condition of our customers or their decision to move the services we provided to them in-house. For example, in 2007 we were not awarded any long-term contracts by the U.S. Forest Service. Accordingly, we cannot assure you that in any given year we will be able to generate similar revenues from our customers as we did in the previous year.

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

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

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

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

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

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

Additionally, aircraft and parts we manufacture for sale are subject to strict contractually established specifications using complex manufacturing processes. If we fail to meet the contractual requirements for a part, we may be subject to warranty costs to repair or replace the part itself and additional costs related to the investigation and inspection of non-complying parts. These costs are generally not insured.

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

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

Our pilots and maintenance and manufacturing personnel are highly trained and qualified. Our ability to attract and retain qualified pilots, mechanics, and other highly trained personnel will be an important factor in determining our future success. Our aircraft, and the aerial services we provide, require pilots with high levels of flight experience. The market for these experienced and highly trained personnel is extremely competitive. Accordingly, we cannot assure you that we will be successful in our efforts to attract and retain such persons. Some of our pilots and mechanics, and those of our competitors, are members of the U.S. military reserves and could be called to active duty. If significant

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numbers of such persons were called to active duty, it would reduce the supply of such workers, possibly curtailing our operations and likely increasing our labor costs. Because of our small size relative to many of our competitors, we may be unable to attract qualified personnel as easily as our competitors.

The loss of key managers could negatively affect our business.

We are dependent upon a number of key managers, including our chief executive officer, Udo Rieder, our chief financial officer, Charles Ryan, our vice president of global sales and marketing, Scott Fitzgerald, and our vice president of aerial services, Mac McClaren. We have employment agreements with each of these key executive officers and intend to encourage their retention, in part, through the award of time-vesting equity grants. See "Management Employment Agreements." If we were to lose the services of one or more of our key team members, our operations could be materially impacted. We do not maintain key person insurance on any team member.

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

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

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

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

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

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

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

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

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

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

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

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

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

Many of our contracts are fixed price contracts which could subject us to losses if we have cost overruns. Under these contracts, we typically are responsible for normal maintenance, repair, and fuel

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costs. In addition, some of our aerial service contracts have performance penalty provisions, subjecting us to the risk of unexpected down time caused by mechanical failures or otherwise, which could cause our net income to suffer. Risks associated with estimating our costs and revenues are exacerbated for long-term contracts, which include most of our material contracts.

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

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

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

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

We rely on approximately 117 supplier business units or locations for significant or critical components. A small number of manufacturers make some of the key components for our aircraft, and in some instances there is only a single manufacturer. If these manufacturers experience production delays, or if the cost of components increases, our operations could suffer. If a manufacturer ceases production of a required component, we could incur significant costs in purchasing the right to manufacture those components or in developing and certifying a suitable replacement, and in manufacturing those components.

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

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

We exclusively fly and manufacture S-64s and related components. If the S-64 encounters technical or other difficulties, it may be grounded or lose value and we may be unable to sell the aircraft or parts or provide aerial services on favorable terms or at all. The inability to sell or contract out the S-64 would virtually eliminate our ability to operate.

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

Our success has resulted in part from our development of new applications for our aircraft, such as our fire tank and snorkel for firefighting services, and we believe our growth will continue to depend on the development of new products or applications. Competitors may develop similar applications for their aircraft, which would increase our competition in providing aerial services. In addition, our growth strategy depends, in part, on our ability to develop new products and applications.

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A number of factors, including FAA certifications, could result in our being unable to capitalize on the development costs for such products or applications. For example, we have devoted significant resources to our program to develop composite-material main rotor blades. If they are not certified by the FAA, we will be unable to recover our research and development costs and will need to expend additional resources to develop an alternative blade.

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

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

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

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

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

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

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

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

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

We purchase products from and supply products to businesses located outside of the United States. We also have significant operations outside the United States. In fiscal 2009, approximately half of our total revenues were attributable to operations in non-U.S. countries. For the six months ended June 30, 2010, approximately 72% of our total revenues were attributable to operations in non-U.S. countries. A number of risks inherent in international operations could have a material adverse effect on our international operations and, consequently, on our results of operations, including:

- currency fluctuations, which can reduce our revenues for transactions denominated in non-U.S. currency or make our services relatively more expensive if denominated in U.S. currency;
- difficulties in staffing and managing multi-national operations;
- risks associated with transporting our aircraft, including risks associated with piracy and adverse weather;
- fluctuations in the costs associated with transporting our aircraft, pilots, and crews, which are significant operating costs for us;
- limitations on our ability to enforce legal rights and remedies;
- restrictions on the repatriation of funds from our foreign operations;
- changes in regulatory structures or trade policies;
- tariff and tax regulations;
- ensuring compliance with the Foreign Corrupt Practices Act;
- difficulties in obtaining export and import licenses; and
- the risk of government-financed competition.

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

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

Except for statutory protections for our 12 Italian pilots, none of our employees work under collective bargaining, union, or similar agreements. Unionization efforts have been made from time to time within our industry, with varying degrees of success. If our employees unionize, our expenses could increase and our results of operations would suffer.

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

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

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

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

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

We are a highly leveraged company and, as a result, have significant debt service obligations. As of June 30, 2010, our total indebtedness, excluding letters of credit, was $98.1 million, consisting of $24.6 million borrowed under our revolving credit facility, $65.0 million borrowed under our term facility and $8.5 million borrowed under our subordinated promissory notes. At June 30, 2010, we had availability for borrowings under our revolving credit facility of approximately $35.5 million.

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

- require us to dedicate a substantial portion of our cash flow from operations to pay principal of, and interest on, our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, or other general corporate purposes, or to carry out other aspects of our business plan;

- increase our vulnerability to general adverse economic and industry conditions and limit our ability to withstand competitive pressures;

- limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities;

- place us at a competitive disadvantage compared to our competitors that have less debt; and

- limit our ability to obtain additional financing for working capital, capital expenditures, and other aspects of our business plan.

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

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

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

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

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

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

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

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

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

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

Recent events in the financial markets and the economic downturn have contributed to severe volatility in the securities markets, a severe liquidity crisis in the global financial markets, and unprecedented government intervention. These conditions have affected our results of operations and may continue to affect them. In such an environment, significant additional risks may exist for us. The recent instability in the financial markets has led the U.S. Government to take a number of unprecedented actions designed to support certain financial and other institutions and segments of the financial market that have experienced extreme volatility, and in some cases, a lack of liquidity. We cannot assure you that this intervention will improve market conditions, that such conditions will not continue to deteriorate, or that further government intervention will or will not occur. For example, recently, general market volatility has been exacerbated by uncertainty about sovereign debt and the fear that countries such as Greece, Portugal, and Spain may default on their governments' financial obligations. If economic conditions continue or worsen, we face risks that may include:

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

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

Risks Related to This Offering

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

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

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

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

- the adoption of new laws or regulations that apply to our business; and

- sales of shares of our common stock in the public markets.

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

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

Our officers, our directors, and all of our stockholders have agreed with the representatives of the underwriters not to sell or otherwise dispose of any of their shares for a period of 180 days after the date of this offering. When these lock-up agreements expire, the 7,405,436 outstanding shares held by our stockholders and approximately 173,500 shares underlying equity awards held by certain of our employees will become eligible for sale, in some cases subject only to the volume, manner of sale, and notice requirements of Rule 144 of the Securities Act of 1933 (Securities Act). Some of our stockholders have the right to require that we register their shares for public sale. See "Shares Eligible for Future Sale Registration Rights." Sales of a substantial number of these shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of our common stock to decline. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional equity securities. See "Shares Eligible for Future Sale" for further discussion of the shares that will be freely tradable within 180 days after the date of this offering.

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

After this offering, entities affiliated with ZM Equity Partners, LLC will own approximately % of our outstanding common stock, and two of our directors are managing directors of ZM Equity Partners. As a result, these stockholders, acting individually or together, could exert significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our company and make some transactions more difficult or impossible without the support of these stockholders. The interests of these stockholders may not always coincide with our interests as a company or the interest of other stockholders. Accordingly, these stockholders could cause us to enter into transactions or agreements that you would not approve or make decisions with which you may disagree.

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

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

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

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

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

Our management will continue to have broad discretion to use the net proceeds we receive from the offering. We expect to use the net proceeds from the offering to manufacture S-64 Aircranes and related components, to pay down indebtedness under our revolving credit facility, and for working capital and other general corporate purposes, including the possible acquisition of additional aircraft to complement our fleet of S-64 Aircranes. We may also use a portion of the net proceeds for the acquisition of businesses, solutions, and technologies that we believe are complementary to our own. Our management retains the discretion, however, to use the proceeds differently if events we do not anticipate arise. Our management might not apply the net proceeds from the offering in ways that increase the value of our common stock. Until we use the net proceeds from the offering, we plan to invest them in short-term instruments, and these investments may not yield a favorable rate of return. If we do not invest or apply the net proceeds from the offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

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

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

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or from otherwise attempting to obtain control of us.

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

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

the impact of fluctuations in currency exchange rates; and

other risk factors included under "Risk Factors" in this prospectus.

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

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

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USE OF PROCEEDS

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

- approximately $ million to manufacture S-64 Aircranes and related components;
- approximately $ million to pay down indebtedness under our revolving credit facility, which will increase the amounts available for future borrowing under this facility;
- approximately $ million to pay down our unsecured subordinated promissory notes; and
- the remaining net proceeds for general corporate and working capital purposes, including possible acquisitions of additional aircraft or businesses to complement our aerial services and enhance our service offerings. We have had informal discussions about potential acquisitions of this nature but currently have no definitive agreements or understandings with respect to any of them.

We anticipate that the actual allocation of our resources to the above or other uses will depend on the needs and opportunities that our management perceives at the time of allocation. For example, the amount allocated to the manufacture of S-64 Aircranes and related components represents management's current estimate based on its perceived needs and opportunities. The actual allocation of the net proceeds to this category may be greater or less the amount currently estimated based on changes in our opportunities and requirements for aircraft and components, the availability and price of airframes and other components or for other reasons that management does not currently anticipate.

At June 30, 2010, the interest rate on borrowings under our revolving credit facility, which terminates on June 24, 2013, was 5.25%, which was calculated based on the prime rate as quoted by Wells Fargo. As of June 30, 2010, there was $24.6 million outstanding under our revolving credit facility, not including letters of credit. Amounts under our revolving credit facility were borrowed within the prior year and used to refinance our prior senior debt and second lien debt and for general working capital purposes. At June 30, 2010, the interest rate under our unsecured subordinated promissory notes was 20% and the outstanding balance under the notes, which mature on June 30, 2015, was $8.5 million. The unsecured subordinated notes were issued in connection with the partial pay-down of our second lien debt. For a description of the terms of our revolving credit facility and unsecured subordinated promissory notes see "Management's Discussion and Analysis of Financial Condition and Results of Operations Description of Indebtedness."

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

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

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DIVIDEND POLICY

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

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CAPITALIZATION

The table below sets forth our cash and cash equivalents and our capitalization on a consolidated basis as of June 30, 2010:

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

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

	As of June 30, 2010		
	Actual	Pro Forma	Pro Forma As Adjusted
	($ in thousands)		
Cash and cash equivalents	$ 4,004	$ 4,004	
Debt:			
Revolving credit facility	24,571	24,571	
Term debt	65,000	65,000	
Unsecured subordinated promissory notes	8,500	8,500	
Series A redeemable preferred stock, $0.0001 par value: 70,000 shares authorized, 34,999.5 shares issued and outstanding	52,878		
Stockholders' equity:			
Common stock, $0.0001 par value: 2,000 class A shares authorized, 1,000 shares issued and outstanding; 300 class B shares authorized, no shares issued and outstanding	1		
Preferred stock, $0.0001 par value: shares authorized, no shares issued and outstanding			
Common stock, $0.0001 par value: shares authorized, shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted		52,879	
Accumulated deficit	(10,514)	(10,514)	
Accumulated other comprehensive income	(76)	(76)	
Noncontrolling interest	1,130	1,130	
Total stockholders' equity	(9,459)	43,419	
Total capitalization	141,490	141,490	

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DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering. Dilution results from the fact that the public offering price per share of our common stock is substantially in excess of net tangible book value per share attributable to existing stockholders for the presently outstanding stock. We calculate net tangible book value per share by dividing our net tangible book value, which equals total assets less intangible assets and total liabilities, by the number of shares outstanding. Our net tangible book value at June 30, 2010 was $, or $ pro forma per share, based upon 8,049,387 shares outstanding.

After giving effect to the sale of shares of common stock in this offering at a price of per share, the midpoint of the sale price range set forth on the cover of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us, our pro forma net tangible book value as of June 30, 2010 would have been approximately $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders, and an immediate dilution in net tangible book value of $ per share to new investors, or approximately % of the offering price of $ per share. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Net tangible book value per share as of June 30, 2010	$	
Increase in net tangible book value per share attributable to new investors		
Pro forma net tangible book value per share of common stock after this offering		
Dilution per share to new investors		$

The following table shows on a pro forma basis at June 30, 2010, after giving effect to the total cash consideration paid to us, the average price per share paid by existing stockholders and by new investors in this offering before deducting estimated underwriting discounts and estimated offering expenses payable by us.

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

The above table excludes 643,951 shares of common stock reserved for issuance under our 2010 Stock Incentive Plan, which we intend to adopt prior to completing this offering, which includes the following shares of restricted stock, or rights to receive stock, that we intend to issue concurrently with this offering: (1) 426,897 shares to certain members of senior management; (2) an estimated 17,500 shares of restricted stock to a broad base of our employees based on years of service with the company; and (3) an estimated 7,500 shares of restricted stock to our independent directors. The estimated share amounts for employees and independent directors are based on the midpoint of the sale price range set forth on the cover of this prospectus. The actual number of shares to be awarded to employees and independent directors will be based on an aggregate dollar amount and will depend on the sale price of our common stock in this offering.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our summary consolidated financial and other data. We derived our summary consolidated financial and other data as of December 31, 2008 and 2009, for the period from January 1, 2007 through September 26, 2007, for the period from September 27, 2007 through December 31, 2007, and for the years ended December 31, 2008 and 2009 from our audited consolidated financial statements, which are included elsewhere in this prospectus.

Our consolidated balance sheet data as of June 30, 2010 and our consolidated statements of operations data and cash flow data for the six months ended June 30, 2009 and 2010 are derived from our unaudited condensed consolidated financial statements and notes thereto included elsewhere in the prospectus. Our consolidated balance sheet data as of June 30, 2009 are derived from our unaudited condensed consolidated financial statements not included in the prospectus. These unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

The selected consolidated balance sheet data of the predecessor as of December 31, 2005 and 2006, and the selected consolidated statement of operations and cash flow data of the predecessor for the years then ended, have been derived from audited consolidated financial statements which are not presented in this prospectus.

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

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	Predecessor(1)				Successor			
	Year Ended December 31, 2005	Year Ended December 31, 2006	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
(In thousands, except share and per share amounts)								
Consolidated Statement of Operations Data:								
Net revenues:								
Aerial services			$ 126,355	$ 25,524	$ 136,548	$ 113,603	$ 43,055	$ 36,631
Manufacturing / MRO			35,872	17,823	5,376	36,019	2,602	5,700
Total net revenues	$ 162,267	$ 189,948	$ 162,227	$ 43,347	$ 141,924	$ 149,622	$ 45,657	$ 42,331
Cost of revenues:								
Aerial services			80,715	19,722	96,750	76,855	35,892	37,359
Manufacturing / MRO			24,360	13,065	5,019	21,272	2,008	3,250
Total cost of revenues	109,788	135,333	105,075	32,787	101,769	98,127	37,900	40,609
Gross profit	52,479	54,615	57,152	10,560	40,155	51,495	7,757	1,722
Operating expenses:								
General and administrative			12,711	4,211	14,010	14,877	6,092	6,725
Research and development			10,290	3,328	7,024	6,889	3,418	4,209
Selling and marketing			1,140	354	1,984	5,115	2,091	2,939
Total operating expenses	20,382	26,750	24,141	7,893	23,018	26,881	11,601	13,873
Operating income (loss)	32,097	27,865	33,011	2,667	17,137	24,614	(3,844)	(12,151)
Other income (expense):								
Interest income	293	594	205	95	305	157	39	12
Interest expense	(4,785)	(4,286)	(3,395)	(2,307)	(7,070)	(6,163)	(3,112)	(2,069)
Loss on early extinguishment of debt								(2,265)
Other income (expense)(2)	12,052	1,662	(1,207)	(12,906)	5,962	(987)	86	7,046
Total other income (expense)	7,560	(2,030)	(4,397)	(15,118)	(803)	(6,993)	(2,987)	2,724
Net income (loss) before income taxes and noncontrolling interest	39,657	25,835	28,614	(12,451)	16,334	17,621	(6,831)	(9,427)
Income tax expense (benefit)	17,800	6,100	10,000	(4,500)	6,000	5,330	(2,543)	(3,553)
Net income (loss)	21,857	19,735	18,614	(7,951)	10,334	12,291	(4,288)	(5,874)
Less: Net (income) loss related to noncontrolling interest(3)		(257)	(473)	232	(230)	(239)	100	(316)
Net income (loss) attributable to Erickson Air-Crane Incorporated	21,857	19,478	18,141	(7,719)	10,104	12,052	(4,188)	(6,190)
Dividends on series A redeemable preferred stock(4)				1,403	5,877	6,806	3,268	3,793
Net income (loss) attributable to common stockholders	$ 21,857	$ 19,478	$ 18,141	$ (9,122)	$ 4,227	$ 5,246	$ (7,456)	$ (9,983)
Net income (loss)	21,857	19,735	18,614	(7,951)	10,334	12,291	(4,288)	(5,874)
Other comprehensive income (loss):								
Foreign currency translation adjustment	23	(17)	614	98	(540)	571	101	(277)
Comprehensive income (loss)	$ 21,880	$ 19,718	$ 19,228	$ (7,853)	$ 9,794	$ 12,862	$ (4,187)	$ (6,151)
Earnings (loss) per share attributable to common stockholders								

Basic	$ 10,928.50	$ 9,739.00	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ (7,455.92)	$ (9,983.45)
Diluted	$ 10,928.50	$ 9,739.00	$ 9,070.50	$ (9,122.00)	$ 4,227.00	$ 5,246.00	$ (7,455.92)	$ (9,983.45)
Weighted average shares outstanding								
Basic	2,000	2,000	2,000	1,000	1,000	1,000	1,000	1,000
Diluted	2,000	2,000	2,000	1,000	1,000	1,000	1,000	1,000

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	Predecessor(1)				Successor			
	Year Ended December 31, 2005	Year Ended December 31, 2006	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
Pro forma earnings (loss) per share (unaudited):(5)								
Basic	$ 2.95	$ 2.63	$ 2.45	$ (1.04)	$ 1.36	$ 1.63	$ (0.57)	$ (0.84)
Diluted	2.72	$ 2.42	$ 2.25	$ (1.04)	$ 1.26	$ 1.50	$ (0.57)	$ (0.84)
Pro forma weighted average shares outstanding (unaudited):(5)								
Basic	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436	7,405,436
Diluted	8,049,387	8,049,387	8,049,387	7,405,436	8,049,387	8,049,387	7,405,436	7,405,436

	Predecessor(1)		Successor			
	As of December 31, 2005	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of December 31, 2009	As of June 30, 2010
(In thousands)						
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 9,696	$ 8,946	$ 9,675	$ 2,303	$ 3,536	$ 4,004
Aircranes, property, plant and equipment, net	44,064	43,707	46,804	46,998	44,829	42,416
Working capital (deficit)(6)	(23,903)	(19,723)	5,359	(2,754)	(580)	(10,329)
Total assets	184,731	198,335	162,740	168,369	178,967	193,963
Total debt(7)	26,229	44,181	84,097	86,208	80,546	98,071
Series A redeemable preferred stock(7)			36,402	42,279	49,085	52,878
Stockholders' equity:						
Common stock	2,000	2,000	1	1	1	1
Total stockholders' equity (deficit)	76,623	96,353	(8,008)	(4,454)	485	(9,459)

	Predecessor(1)				Successor			
	Year Ended December 31, 2005	Year Ended December 31, 2006	Period from January 1, 2007 through September 26, 2007	Period from September 27, 2007 through December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
(In thousands)								
Consolidated Statement of Cash Flow Data:								
Net cash provided by (used in):								
Operating activities	$ (5,707)	$ (10,638)	$ (3,966)	$ 24,818	$ (8,717)	$ 9,900	$ (8,188)	$ (15,219)
Investing activities	14,872	(7,766)	667	(91,970)	546	(2,667)	(1,333)	(1,479)
Financing activities	(3,046)	17,680	1,152	69,737	2,111	(5,662)	8,428	16,113

(1)

2005, 2006, and the period from January 1, 2007 through September 26, 2007 do not include the effect of fair value purchase accounting adjustments resulting from our acquisition on September 27, 2007. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Trends and Uncertainties Affecting Our Business."

(2)

Other income (expense) for the period ended December 31, 2005 includes gains of $7.1 million in mark-to-market foreign currency adjustments and a $5.6 million gain related to an insurance settlement with respect to an Aircrane accident; for the period ended December 31, 2007 includes $12.5 million in litigation settlement expenses; for the year ended December 31, 2008 includes a $4.3 million gain related to an insurance settlement with respect to an Aircrane accident; and for the 2010 period includes a net gain related to an aircraft accident in Malaysia of $6.3 million, after accounting for insurance proceeds.

(3)

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

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

(5) Pro forma amounts give effect to our recapitalization in connection with this offering, including the conversion of Series A Redeemable Preferred Stock into common stock. The pro forma weighted diluted share amounts also include 643,951 shares of restricted common stock, or rights to receive common stock, of which we intend to issue 451,897 shares, or rights to receive shares, concurrently with this offering under our proposed 2010 Stock Incentive Plan, (except for the periods September 27, 2007 through December 31, 2007 and the six months ended June 30, 2009 and 2010, because the effect of including these shares would be anti-dilutive). See "Explanatory Note Regarding Recapitalization" and "Executive Compensation 2010 Stock Incentive Plan."

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

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

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

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

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

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

Overview of the Business

We specialize in the operation and manufacture of the Erickson S-64 Aircrane, a versatile and powerful heavy-lift helicopter. The S-64 Aircrane has a lift capacity of up to 25,000 lbs. and is the only commercial aircraft built specifically as a flying crane without a fuselage for internal loads. The S-64 is also the only commercial heavy-lift helicopter with a rear load-facing cockpit, combining an unobstructed view and complete aircraft control for precision lift and load placement capabilities. We own a fleet of 16 S-64s which we use to support a wide variety of government and commercial customers across a broad range of critical aerial services, including firefighting, timber harvesting, and infrastructure construction. We also manufacture S-64s and related components for sale to government and commercial customers and provide MRO services for the S-64 and other aircraft.

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

Through our Aerial Services segment we offer a broad range of heavy-lift helicopter services using our worldwide fleet, including firefighting, timber harvesting, and infrastructure construction, and related crewing services. Our engineering staff has developed enhanced mission-specific capabilities and modifications for the S-64 that allow us to compete effectively and contribute to our market share. We typically lease our Aircranes to customers and provide associated crewing and maintenance services. Our pilots and mechanics are technical specialists with years of training. One of our growing offerings is to provide crewing for aircraft we have sold to various customers.

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

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

Sales and Marketing

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

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

Operations and Safety

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

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

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

Financial and Overall Performance

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

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

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

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Our Operating Revenue

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

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

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

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

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

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

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

Component Part Sales. We have an ongoing revenue stream from customers who own or operate either S-64s or the military version, CH-54, and require parts support for their helicopters. We are also pursuing aftermarket opportunities to develop component parts for other aircraft.

MRO Services. Similar to component part sales, we have an ongoing revenue stream from customers who own or operate S-64s, CH-54s, or other aircraft and need their aircraft components repaired or overhauled by a certified facility.

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

Our Operating Expenses

Cost of Revenues. Our cost of revenues consists of purchased materials; inventory; plant labor and overhead; aviation fuel; aircraft insurance; contract specific expenses associated with operating in various geographies; shipping costs for transporting our Aircranes; depreciation and amortization of our Aircranes, plant, property, and equipment; and pilot and field mechanic wages, benefits, and other related costs. As a result of the purchase accounting adjustments in connection with the 2007 acquisition, cost of revenues in successor periods reflects the lower carrying value of our Aircrane support parts that have been sold or used in our maintenance, repair and overhaul operations. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation."

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

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

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

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

Trends and Uncertainties Affecting Our Business

Effect of 2007 Acquisition. Our company was acquired in a merger transaction on September 27, 2007, in which the buyers acquired 100% of our outstanding common stock for $93.1 million, which amount included direct acquisition costs of $3.4 million. The acquisition was accounted for as a purchase in accordance with the Financial Accounting Standard Board's Accounting Standards Codification No. 805. As a result, we allocated the purchase price to the assets acquired and the liabilities assumed at the date of the acquisition based on their estimated fair value as of the closing date. In addition, we recorded certain fair value purchase accounting adjustments which have affected cost of revenues for successor periods. See "Explanatory Note Regarding 2007 Acquisition and Financial Statement Presentation."

Aircrane Sales. A sale of an Aircrane has a material effect on our financial results, and Aircrane sales have been a dominant factor in fluctuations in our year-over-year results. Although we have focused our sales and marketing efforts on increasing Aircrane sales, sales are not guaranteed in a particular financial period or at all. In the five years between 2005 and 2009, we sold one, three, three, zero, and one Aircrane(s), respectively. Since 2002, we have sold nine Aircranes.

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

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Results of Operations

Six Months Ended June 30, 2010 Compared to Six Months ended June 30, 2009

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

			Successor			
	Six Months Ended June 30, 2009	% of Revenues	Six Months Ended June 30, 2010	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net revenues:						
Aerial Services	$ 43,055	94.3	$ 36,631	86.5	$ (6,424)	(14.9)
Manufacturing / MRO	2,602	5.7	5,700	13.5	3,098	119.1
Total revenues	45,657	100.0	42,331	100.0	(3,326)	(7.3)
Cost of revenues:						
Aerial Services	35,892	83.4	37,359	102.0	1,467	4.1
Manufacturing / MRO	2,008	77.2	3,250	57.0	1,242	61.9
Total cost of revenues	37,900	83.0	40,609	95.9	2,709	7.1
Gross profit						
Aerial Services	7,163	16.6	(728)	(2.0)	(7,891)	(110.2)
Manufacturing / MRO	594	22.8	2,450	43.0	1,856	312.5
Total gross profit	7,757	17.0	1,722	4.1	(6,035)	(77.8)
Operating expenses:						
General and administrative	6,092	13.3	6,725	15.9	633	10.4
Research and development	3,418	7.5	4,209	9.9	791	23.1
Selling and marketing	2,091	4.6	2,939	6.9	848	40.6
Total operating expenses	11,601	25.4	13,873	32.8	2,272	19.6
Income (loss) from operations	(3,844)	(8.4)	(12,151)	(28.7)	(8,307)	(216.1)
Other income (expense), net:						
Interest expense, net	(3,073)	(6.7)	(2,057)	(4.9)	1,016	33.1
Loss on early extinguishment of debt			(2,265)	(5.4)	(2,265)	(100.0)
Other income (expense), net	86	0.2	7,046	16.6	6,960	8,093.0
Total other income (expense)	(2,987)	(6.5)	2,724	6.4	5,711	191.2
Net income (loss) before income taxes and noncontrolling interest	(6,831)	(15.0)	(9,427)	(22.3)	(2,596)	(38.0)
Income tax expense (benefit)	(2,543)	(5.6)	(3,553)	(8.4)	(1,010)	(39.7)
Net income (loss)	(4,288)	(9.4)	(5,874)	(13.9)	(1,586)	(37.0)
Less: Net (income) loss related to noncontrolling interest	100	0.2	(316)	(0.7)	(416)	(416.0)
Net income (loss) attributable to Erickson Air-Crane Incorporated	(4,188)	(9.2)	(6,190)	(14.6)	(2,002)	(47.8)
Dividends on Series A redeemable preferred stock	3,268	7.2	3,793	9.0	525	16.1
	$ (7,456)	(16.3)	$ (9,983)	(23.6)	$ (2,527)	(33.9)

Net income (loss) attributable to common stockholders

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Revenues

Consolidated revenue decreased by $3.3 million, or 7.3%, to $42.3 million in the 2010 period from $45.7 million in the 2009 period. The decrease in revenues was attributable to a $6.4 million decrease in Aerial Services revenues, partially offset by a $3.1 million increase in Manufacturing / MRO revenues.

	Successor								
		Six Months Ended June 30, 2009 (in 000s)	% of Revenues		Six Months Ended June 30, 2010 (in 000s)	% of Revenues		Change (in 000s)	Change %
Net revenues:									
Aerial Services	$	43,055	94.3	$	36,631	86.5	$	(6,424)	(14.9)
Manufacturing / MRO		2,602	5.7		5,700	13.5		3,098	119.1
Total revenues		45,657	100.0		42,331	100.0		(3,326)	(7.3)

Aerial Services. Aerial Services revenue decreased by $6.4 million, or 14.9%, to $36.6 million in the 2010 period from $43.1 million in the 2009 period. Revenue flight hours for Aerial Services during the 2010 period decreased 8.7% to 2,663 hours from 2,917 hours in the 2009 period.

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

	Successor						
		Six Months Ended June 30, 2009 (in 000s)		Six Months Ended June 30, 2010 (in 000s)		Change (in 000s)	Change %
Aerial Services Revenue:							
Firefighting	$	27,112	$	14,464	$	(12,648)	(46.7)
Timber Harvesting		9,368		12,935		3,567	38.1
Infrastructure Construction		5,371		2,636		(2,735)	(50.9)
Crewing		1,204		6,596		5,392	447.8
Total Aerial Services revenue	$	43,055	$	36,631	$	(6,424)	(14.9)

	Successor			
	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010	Change	Change %
Aerial Services Revenue Flight Hours:				
Firefighting	730	336	(394)	(54.0)
Timber Harvesting	1,500	1,817	317	21.1
Infrastructure Construction	355	160	(195)	(54.9)
Crewing	332	350	18	5.4
Total Aerial Services revenue flight hours	2,917	2,663	(254)	(8.7)

Firefighting revenue decreased by $12.6 million, or 46.7%, to $14.5 million in the 2010 period, from $27.1 million in the 2009 period. This decrease was largely due to the decrease in firefighting revenues in Australia of $4.4 million in the 2010 period compared to the 2009

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period. In 2009, Australia experienced a strong fire season which resulted in increased demand for our services. In addition to this decrease, as a result of a contract restructuring with a European customer, we transitioned services from firefighting to crewing and CPH services, resulting in a decrease of approximately $7.0 million in firefighting revenues and an increase in crewing and CPH services in the 2010 period compared to the 2009 period.

Timber Harvesting revenue increased by $3.6 million, or 38.1%, to $12.9 million in the 2010 period from $9.4 million in the 2009 period. This increase was due to revenues from a new Malaysian customer in the 2010 period, partially offset by decreased revenues from logging in Canada due to poor weather and decreased demand for timber.

Infrastructure Construction revenue decreased by $2.7 million, or 50.9%, to $2.6 million in the 2010 period from $5.4 million in the 2009 period, primarily due to shorter-duration jobs and lower construction hours flown in the 2010 period compared to the 2009 period.

Crewing revenue increased by $5.4 million to $6.6 million in the 2010 period from $1.2 million in the 2009 period. The increase was due to a contract restructuring with a significant European customer, resulting in an increase in crewing services and a decrease in firefighting services with this customer.

Manufacturing / MRO. Manufacturing / MRO revenue increased by $3.1 million to $5.7 million in the 2010 period from $2.6 million in the 2009 period. The increase in revenue was the result of a spare parts sale to an existing aircraft customer and a transition to a CPH contract from an Aerial Services contract with a significant European customer.

Gross Profit

Consolidated gross profit decreased by $6.0 million, or 77.8%, to a profit of $1.7 million in the 2010 period from a profit of $7.8 million in the 2009 period. The decrease was attributable to a decrease in gross profit from Aerial Services of $7.9 million to a loss of $0.7 million in the 2010 period, partially offset by an increase in Manufacturing / MRO gross profit of $1.9 million in the 2010 period.

	Successor					
	Six Months Ended June 30, 2009 (in 000s)	% of Revenues	Six Months Ended June 30, 2010 (in 000s)	% of Revenues	Change (in 000s)	Change %
Gross profit						
Aerial Services	7,163	16.6	(728)	(2.0)	(7,891)	(110.2)
Manufacturing / MRO	594	22.8	2,450	43.0	1,856	312.5
Total gross profit	7,757	17.0	1,722	4.1	(6,035)	(77.8)

Aerial Services. Aerial Services gross profit decreased by $7.9 million to a loss of $0.7 million in the 2010 period from a profit of $7.2 million in the 2009 period. Gross profit margin was a loss of 2.0% in the 2010 period compared to a profit of 16.6% in the 2009 period. The revenue decrease of $6.4 million for the 2010 period compared to the 2009 period was the primary reason for the gross profit decline; certain costs of Aerial Services revenues are fixed in nature, and the decrease in flight hour revenues directly impacted our operating margins and results. Additionally, an aircraft accident in June 2010 resulted in a $2.1 million retroactive adjustment in insurance premiums in the 2010 period.

Manufacturing / MRO. Manufacturing / MRO gross profit increased by $1.9 million, to $2.5 million in the 2010 period compared to the a profit of $0.6 million in the 2009 period, due to the increased revenues and, in particular, the higher profit margins on a spare parts sale.

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Operating Expenses

	Successor					
	Six Months Ended June 30, 2009 (in 000s)	% of Revenues	Six Months Ended June 30, 2010 (in 000s)	% of Revenues	Change (in 000s)	Change %
Operating expenses:						
General and administrative	6,092	13.3	6,725	15.9	633	10.4
Research and development	3,418	7.5	4,209	9.9	791	23.1
Selling and marketing	2,091	4.6	2,939	6.9	848	40.6
Total operating expenses	11,601	25.4	13,873	32.8	2,272	19.6
Income (loss) from operations	(3,844)	(8.4)	(12,151)	(28.7)	(8,307)	(216.1)

Operating expenses, which include general and administration, research and development, and selling and marketing, increased by $2.3 million, or 19.6%, to $13.9 million in the 2010 period from $11.6 million in the 2009 period. The change was primarily due to an increase in general and administrative expenses driven by higher legal costs and corporate support functions, coupled with the overall investment in our sales and marketing and research and development functions, including the addition of key personnel.

Other Income (Expense), Net

	Successor					
	Six Months Ended June 30, 2009 (in 000s)	% of Revenues	Six Months Ended June 30, 2010 (in 000s)	% of Revenues	Change (in 000s)	Change %
Other income (expense), net:						
Interest expense	(3,073)	(6.7)	(2,057)	(4.9)	1,016	33.1
Loss on early extinguishment of debt			(2,265)	(5.4)	(2,265)	(100.0)
Other income (expense), net	86	0.2	7,046	16.6	6.960	8,093.0
Total other income (expense), net	(2,987)	(6.5)	2,724	6.4	5,711	191.2

Other income (expense), net changed by $5.7 million, to $2.7 million of income in the 2010 period from $3.0 million of expense in the 2009 period. Interest expense decreased by $1.0 million, to $2.1 million in the 2010 period, from $3.1 million in the 2009 period, due to a decrease in the effective interest rates on borrowings, a decline in the average outstanding borrowings, and finance charges related to contract advance payments we received in the 2009 period. Loss on early extinguishment of debt includes a $1.8 million write-off of debt issuance costs and early termination fees of $0.5 million in the 2010 period. Other income (expense), net includes a net gain of $6.3 million, after accounting for insurance proceeds, in the 2010 period associated with an aircraft accident; foreign exchange gains and (losses) of a net gain of $1.3 million in the 2010 period compared to a net gain of $0.2 million in the 2009 period; and interest expense related to amounts accrued for tax uncertainties of $0.2 million in both the 2010 and 2009 periods.

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Income Tax Expense (Benefit)

	Successor					
	Six Months Ended June 30, 2009	% of Revenues	Six Months Ended June 30, 2010	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net income (loss) before income taxes and noncontrolling interest	(6,831)	(15.0)	(9,427)	(22.3)	(2,596)	(38.0)
Income tax expense (benefit)	(2,543)	(5.6)	(3,553)	(8.4)	(1,010)	(39.7)
Net income (loss)	$ (4,288)	(9.4)	$ (5,874)	(13.9)	(1,586)	(37.0)

Income tax benefit increased by $1.0 million, to $3.6 million in the 2010 period from $2.5 million in the 2009 period, primarily due to the increase in net loss before taxes and noncontrolling interest. The effective tax rate in the 2010 period was 37.7% compared to 37.2% in the 2009 period.

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

	Successor					
	Six Months Ended June 30, 2009	% of Revenues	Six Months Ended June 30, 2010	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Net income (loss)	$ (4,288)	(9.4)	$ (5,874)	(13.9)	(1,586)	(37.0)
Less: Net (income) loss related to noncontrolling interest	100	0.2	(316)	(0.7)	(416)	(416.0)
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ (4,188)	(9.2)	$ (6,190)	(14.6)	(2,002)	(47.8)
Dividends on series A redeemable preferred stock	3,268	7.2	3,793	9.0	525	16.1
Net income (loss) attributable to common stockholders	$ (7,456)	(16.3)	$ (9,983)	(23.6)	$ (2,527)	(33.9)

Net income (loss) attributable to Erickson Air-Crane Incorporated decreased by $2.0 million, or 47.8%, to a loss of $6.2 million in the 2010 period from a loss of $4.2 million in the 2009 period, primarily due to the changes in revenues and expenses discussed above. Net income (loss) attributable to common stockholders decreased by $2.5 million, or 33.9%, to a loss of $10.0 million in the 2010 period from a loss of $7.5 million in the 2009 period.

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2009 Compared to 2008

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

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

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Revenues

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

	Successor					
	Year Ended December 31, 2008 (in 000s)	% of Revenues	Year Ended December 31, 2009 (in 000s)	% of Revenues	Change (in 000s)	Change %
Net revenues:						
Aerial Services	$ 136,548	96.2	$ 113,603	75.9	$ (22,945)	(16.8)
Manufacturing / MRO	5,376	3.8	36,019	24.1	30,643	570.0
Total revenues	141,924	100.0	149,622	100.0	7,698	5.4

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

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

	Successor			
	Year Ended December 31, 2008 (in 000s)	Year Ended December 31, 2009 (in 000s)	Change (in 000s)	Change %
Aerial Services Revenue:				
Firefighting	$ 82,454	$ 74,802	$ (7,652)	(9.3)
Timber Harvesting	40,233	23,624	(16,609)	(41.3)
Infrastructure Construction	8,493	7,494	(999)	(11.8)
Crewing	5,368	7,683	2,315	43.1
Total Aerial Services revenue	$ 136,548	$ 113,603	$ (22,945)	(16.8)

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

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

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

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

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

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

Gross Profit

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

	Successor					
	Year Ended December 31, 2008	**% of Revenues**	**Year Ended December 31, 2009**	**% of Revenues**	**Change**	**Change**
	(in 000s)		**(in 000s)**		**(in 000s)**	**%**
Gross profit						
Aerial Services	39,798	29.1	36,748	32.3	(3,050)	(7.7)
Manufacturing / MRO	357	6.6	14,747	40.9	14,390	4,030.8
Total gross profit	40,155	28.3	51,495	34.4	11,340	28.2

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

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

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Operating Expenses

	Year Ended December 31, 2008 (in 000s)	% of Revenues	Successor Year Ended December 31, 2009 (in 000s)	% of Revenues	Change (in 000s)	Change %
Operating expenses:						
General and administrative	14,010	9.9	14,877	9.9	867	6.2
Research and development	7,024	4.9	6,889	4.6	(135)	(1.9)
Selling and marketing	1,984	1.4	5,115	3.4	3,131	157.8
Total operating expenses	23,018	16.2	26,881	18.0	3,863	16.8
Income from operations	17,137	12.1	24,614	16.5	7,477	43.6

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

Other Income (Expense), Net

	Year Ended December 31, 2008 (in 000s)	% of Revenues	Successor Year Ended December 31, 2009 (in 000s)	% of Revenues	Change (in 000s)	Change %
Other income (expense), net:						
Interest income	305	0.2	157	0.1	(148)	(48.5)
Interest expense	(7,070)	(5.0)	(6,163)	(4.1)	907	(12.8)
Other income (expense), net	5,962	4.2	(987)	(0.7)	(6,949)	(116.6)
Total other income (expense)	(803)	(0.6)	(6,993)	(4.7)	(6,190)	770.9
Net income (loss) before income taxes and noncontrolling interest	16,334	11.5	17,621	11.8	1,287	7.9

Other income (expense), net increased by $6.2 million to $7.0 million of expense in 2009 from $0.8 million of expense in 2008. Interest expense decreased by $0.9 million to $6.2 million in 2009 from $7.1 million in 2008. Other items include amortization of debt issuance costs of $0.8 million in 2008 and $1.0 million in 2009, interest expense of $0.7 million in 2008 and $0.5 million in 2009 related to amounts accrued for tax uncertainties, interest related to tax contingencies, and foreign exchange gains and losses. In 2008, these items were offset by a $4.3 million net gain related to an aircraft accident in Italy and mark-to-market gains on foreign exchange contracts of $1.1 million due to the strengthening of the Euro.

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Income Tax Expense

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

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

Net Income Attributable to Erickson Air-Crane Incorporated

	Successor					
	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2009	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Less: Net (income) loss related to noncontrolling interest	(230)	(0.2)	(239)	(0.2)	(9)	3.9
Net income (loss) attributable to Erickson Air-Crane Incorporated	$ 10,104	7.1	$ 12,052	8.1	$ 1,948	19.3
Dividends on series A redeemable preferred stock	5,877	4.1	6,806	4.5	929	15.8
Net income (loss) attributable to common stockholders	$ 4,227	3.0	$ 5,246	3.5	$ 1,019	24.1

Net income attributable to Erickson Air-Crane Incorporated increased by $1.9 million, or 19.3%, to $12.1 million in 2009 from $10.1 million in 2008.

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2008 Compared to 2007 Successor Period

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

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

Net income (loss) attributable to common stockholders

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Revenues

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

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

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

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

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

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

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

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

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

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

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

Gross Profit

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

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

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

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

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Operating Expenses

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

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

Other Income (Expense), net

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

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

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Income Tax Expense

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

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

Net Income Attributable to Erickson Air-Crane Incorporated

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

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

2008 Compared to 2007 Predecessor Period

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

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

	Predecessor		Successor			
	January 1, 2007 through September 26, 2007	% of Revenues	Year Ended December 31, 2008	% of Revenues	Change	Change
	(in 000s)		(in 000s)		(in 000s)	%
Revenues:						