

ERICKSON INC.
Form 10-K
March 10, 2015

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2014

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 001-35482

ERICKSON INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

93-1307561

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

5550 SW Macadam Avenue, Suite 200, Portland, Oregon 97239

(Address of principal executive offices)

(Zip Code)

(503) 505-5800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, \$0.0001 par value

The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: N/A

(Title of each class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of common equity held by non-affiliates of the Registrant as of June 30, 2014 was approximately \$100,342,385.

On February 27, 2015, 13,823,818 shares of common stock, par value \$0.0001, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

The registrant has incorporated by reference into Part III of this Form 10-K, portions of its Proxy Statement for its 2015 Annual Meeting of Shareholders.

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PART I.

ITEM 1. BUSINESS

This annual report on Form 10-K (including, but not limited to, the following section regarding our Business) contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this annual report on Form 10-K. Additionally, statements concerning future matters such as the development of new products, services, enhancements or technologies, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements.

Although forward-looking statements in this annual report on Form 10-K reflect our good faith judgment, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading “Risk Factors” below, as well as those discussed elsewhere in this annual report on Form 10-K. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this annual report on Form 10-K. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this annual report on Form 10-K, except as required by law. Readers are urged to carefully review and consider the various disclosures made in this annual report on Form 10-K, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Overview

We are a leading global provider of aviation services to a worldwide mix of Commercial and Government customers. As of December 31, 2014 we operated a diverse fleet of 86 rotary-wing and fixed-wing aircraft, including a fleet of 20 heavy-lift Erickson S-64 Aircranes ("Aircranes"). Our fleet supports a variety of Government and Commercial customers, across a broad range of aerial services, including critical supply and logistics for deployed military forces, humanitarian relief, firefighting, timber harvesting, infrastructure construction, and crewing. We also maintain a vertically-integrated manufacturing capability for the Airplane, related components, and other aftermarket support and maintenance, repair, and overhaul services for the Airplane and other aircraft. We typically lease our aircraft to customers for specific missions, with customers generally paying for the aircraft, maintenance, and crewing services, and in some cases, fuel expense. Within our fleet we have 20 Aircranes, versatile and powerful heavy-lift helicopters that we manufacture in-house. The Airplane has two models, the S-64E and the S-64F, and our fleet of 20 contains 13 and 7 of each model respectively, making us the largest operator of Aircranes in the world. The Airplane has a lift capacity of up to 25,000 pounds and is the only commercial aircraft built specifically as a flying crane, without a fuselage for internal loads. It is also unique in that it is 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 the Type and Production Certificates for the Airplane, granting us exclusive design, manufacturing and related rights for the aircraft and OEM components. During the third quarter of 2013, we purchased the Type Certificate for engines used in the Airplane as well as other aircraft. We also invest in new technologies and proprietary solutions with a goal of increasing our market share and entering new markets. We have remanufactured 36 Aircranes for our own fleet and for our customers in several countries worldwide. To date, we have sold and delivered 9 Aircranes.

During the year ended December 31, 2014, 29.8% of our net revenues was generated in the United States and 70.2% was generated outside of the United States. We operate under Federal Aviation Administration (“FAA”) Part 135, U.S. Air Carrier, and hold Commercial Airlift Review Board (“CARB”) authority to operate both fixed wing and rotary wing aircraft for the United States Department of Defense (“DoD”). The acquisition of Evergreen Helicopters, Inc. (“EHI”) brought us the experience of working with the DoD for over 50 years, and we are currently participating in operations on six continents. We have the capability of deploying aircraft to support external load operations, passenger and cargo transportation, combination loads, low cost/low altitude (“LCLA”) airdrops, short takeoff and landing (“STOL”), and MEDEVAC/CASEVAC. Our aircraft can be equipped with Supplemental Type Certificated (“STC’d”) Night Vision Goggles, Ballistic Protection, and roller systems.

We are a corporation organized under the laws of the State of Delaware in 2000. We are headquartered at 5550 SW Macadam Avenue, Suite 200, Portland, Oregon 97239 and our phone number is (503) 505-5800. We have production, maintenance, and logistics facilities in Central Point, Oregon. We file annual, quarterly and current reports, proxy statements and other

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information with the U.S. Securities and Exchange Commission (the "SEC"). You may read and copy any such document at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's website at www.sec.gov or from our website at www.ericksonaviation.com. The information on, or accessible through, our website is not a part of this annual report on Form 10-K or any other report we file or furnish with the SEC.

Acquisitions

On May 2, 2013, we closed our acquisition of EHI from Evergreen International Aviation, Inc. EHI, based in McMinnville, Oregon, contributed a fleet of 65 aircraft of varying rotary-wing and fixed-wing types capable of a wide range of passenger transport and light, medium and heavy load-carrying missions. The EHI business serves both government and commercial customers, including significant and critical programs with the U.S. Military in support of overseas operations. EHI maintains a global presence, with operations in North America, the Middle East, Africa and Asia-Pacific.

On September 4, 2013, we completed our acquisition of Air Amazonia Serviços Aeronauticos Ltda. ("Air Amazonia") and certain related assets from HRT Participações em Petróleo S.A. ("HRT"). The acquisition provided us with significant operating infrastructure in Brazil, including six aircraft, two ground facilities, 59 employees, and repair station certification.

We believe that this acquisition supports our growth and enhances our competitive position in South America. In addition to adding HRT as a significant customer, this acquisition accelerated our ability to offer a comprehensive array of services to other existing and new customers throughout the region.

Operating Segments

Prior to our acquisition of EHI, our reportable operating segments were Aerial Services, which consisted of firefighting, timber harvesting, infrastructure construction, and crewing, and Manufacturing/MRO, which consisted of aftermarket support and maintenance, repair, and overhaul services for the Airplane and other aircraft and the remanufacture of Airplanes and related components. Following our acquisition of EHI, we established new reportable operating segments to assess performance by type of customer, Government and Commercial. We used these segments through the year ended December 31, 2014. Our Government segment was comprised primarily of contracts with various governmental authorities who used our services for firefighting, defense and security, transportation and other government related activities. Our Commercial segment was comprised primarily of timber harvesting, infrastructure construction, and manufacturing/ MRO contracts. On January 1, 2015, as a result of an organizational restructuring, we established new reportable operating segments to assess performance by type of customer and end market: Government Aviation Services, Commercial Aviation Services, Oil & Gas Aviation Services and Manufacturing/MRO, which we will be using for reporting period ending after January 1, 2015. Set forth below is a description of the services we provide.

Aerial Services

We provide heavy-, medium-, and light-lift aerial helicopter solutions to both government and commercial customers in both the domestic and international markets. As of December 31, 2014 we operated a diverse fleet of 86 aircraft capable of a wide variety of mission roles. The diversity of our fleet, in terms of size, function, speed, lift capacity, and passenger and cargo capacity allows us to provide solutions for our customers in a wide variety of industries in countries around the world.

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

Periodically, our aircraft are removed from service and undergo heavy maintenance activities, including inspections and repairs of the airframe and related parts as required. The actual time between heavy maintenance depends on many factors, including hours of operation, calendar time and nature of use. Heavy maintenance can require several months to complete, during which time the aircraft is unavailable for aerial services.

Defense-Related Programs

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The acquisition of EHI provided us with significant business with the DoD, including an ongoing role supporting operations in Afghanistan. During 2014, 44% of our net revenues were derived from either prime or sub contracts for the DoD. On a geographic basis, 22% of our net revenues were related to operations in Afghanistan. We believe the DoD is among the world's single largest customers for aerial services, although the work is funded through multiple contract vehicles.

Over the past two decades, the DoD has transitioned a significant portion of support contracts of all types to commercial providers. With outside pressures, such as a desire to limit troop counts, and increased attention to defense budgets, the DoD has turned to subcontracted support to meet its needs. The Iraq and Afghanistan campaigns accelerated growth of the civilian contractor industry, as the government turned to regional and service-specific experts to deploy in support of rapidly growing U.S. footprints in these conflict areas. Over time, the contracting process has been refined to ensure fair procurement for contractors and price competition resulting in cost savings to the government. This regulation has also created barriers to entry, benefiting companies who entered these markets early.

Aviation operations are among the most complex services provided by commercial companies. Beginning in 1992, the DoD founded the CARB DoD, with the mission of ensuring civilian air carriers transporting passengers are sufficiently regulated. In order to transport any DoD passengers or cargo in a civilian aircraft, the operator must undergo a rigorous set of audits to become certified, with follow-up inspections thereafter. The combination of FAA and CARB regulations creates the most stringent standards in civil aviation, resulting in a significant barrier to entry into the market.

CARB certification allows the DoD to utilize approved civilian air carriers to provide mission-critical support service at a lower cost than their military alternatives. Furthermore, contract aviation operators are specialists in their respective areas of expertise, providing greater skills and efficiency. Finally, contractor personnel are not factored against troop count ceilings in an operating area, leaving the DoD free to optimize their troop limitations and deploy maximum combat-oriented personnel supported by contract aviation assets.

CARB carriers support the U.S. Army, U.S. Navy, Air Force, Marines, and Special Operations units domestically and around the world. On a macro scale, we believe the DoD will transition focus from large occupying ground forces, like those in Iraq and Afghanistan, to smaller and faster "kinetic" combat units. Commercial airlift is frequently utilized to maintain low profile operations with these groups. Future operations are likely to focus on Special Operations and short-term deployments to complete objectives and exit the region quickly. Opportunity to deploy resources to support special operations teams in remote locations are likely to grow in new regions of focus, such as Africa and Southeast Asia. We have already begun seeing this transition take place following the Arab Spring in Northern Africa, rebel conflicts in Central Africa, and recent events with both U.S. and foreign forces in the Western African regions.

In Afghanistan specifically, we anticipate there will be three groups that will maintain a presence following the drawdown of conventional forces.

1. DoD (Special Operations): Ensuring security for remaining U.S. government and contractor personnel
2. U.S. Government (Department of State): Facilitating economic development and reconstruction projects
3. Civilian Contractors: Supporting security or economic growth and reconstruction

Using Iraq as a current example of Afghanistan's possible future, in Iraq commercial contractors realized an increase in activity following the withdrawal of U.S. conventional forces, and we anticipate a similar pattern with groups in support of security operations, economic development, and reconstruction in Afghanistan. Today, aviation is the primary means of transportation within Afghanistan. As conventional forces exit, and land based transportation security deteriorates further, we expect demand for contractor aviation will likely increase in this region.

Firefighting

Aerial firefighting has a long and established history and is becoming a larger part of firefighting strategies around the world, especially as fire seasons in some areas seem to be growing more intense and lasting longer, due to variables in climate and large buildups of ladder fuels in protected forest areas. This is consistent with findings in the 2009 Quadrennial Fire Review ("QFR"), an integrated strategic assessment process conducted by the U.S. Fire Executive Council and other government agencies to evaluate the future environment of fire management, which reports that climate change will continue to result in a greater probability of longer fire seasons in various regions in the U.S. Over the past five years, longer and drier summers in the U.S. have contributed to an increase in the quantity and severity of annual fires. The QFR suggests that in the coming decade, fire mitigation efforts must address a potential 10-12 million annual wildfire acres in the U.S. alone, up from the previous estimate in 2005 of 8-10 million acres.

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Aerial firefighting can be one of the most efficient means of combating wildfires, because of the speed, mobility, and large carrying capacity of firefighting aircraft. With its attached 2,650-gallon fire tank, the Aircrane is a versatile, powerful, and cost-competitive aerial firefighter. The tank features electronically-controlled tank doors that allow for eight different coverage levels. It provides the Aircrane with a delivery capacity comparable to fixed-wing tanker planes with the superior maneuvering capabilities of a helicopter. Fixed-wing alternatives must land to reload or skim-load from large bodies of water. Our Aircrane reloads while in flight in 45 seconds or less from almost any available open water source deeper than 18 inches, including rivers, lakes, oceans, and cisterns. As a result, if there is an available water source nearby, the Aircrane can reload and return to its target significantly faster than fixed-wing alternatives, resulting in a substantially larger total drop capacity and a more cost-effective solution for fighting most fires. This effectiveness in delivered payload has resulted in fire agencies utilizing our Aircranes more and more for rapid initial attack on fires, which increases our utilization rate compared to other aircraft.

The Aircrane has provided firefighting services on a global basis, including the U.S., Canada, Italy, Greece, Australia and, recently, Turkey. Our firefighting customers include federal, state, local and international government and commercial agencies. Under our typical firefighting contracts, aircraft are deployed to locations prone to seasonal fires, where they remain on standby throughout the fire season. For these contracts, which we refer to as exclusive-use contracts, we typically charge on a per-day basis for availability and on a per-hour basis for actual aircraft use. In some circumstances, we only charge for actual aircraft use; these contracts, which we refer to as "call-when-needed" contracts, have considerably higher daily and/or hourly rates than our exclusive-use contracts. Because of the inverse timing of fire seasons in the Northern and Southern Hemispheres, we are able to capitalize on year-round demand for firefighting services by moving aircraft from one hemisphere to another.

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

With our expanded fleet, including medium and light aircraft, we now have capabilities for multi-role firefighting missions that include passenger transport as well as external load water drops for global firefighting activities.

Timber Harvesting

There are a few main reasons that companies use heavy-lift helicopters in harvesting timber. Given its relatively high operational cost, when compared to traditional logging practices, aerial timber harvesting is often used to harvest high-value timber to be used in high-grade products such as furniture and flooring. It can also be a cost-effective strategy for reaching timber located in challenging terrain, where building access roads is cost-prohibitive or logistically impossible. This is especially true of tropical timber species, which are often found in dense forests that are difficult to access.

Additionally, environmental concerns are playing an ever-increasing role in companies' decisions to utilize aerial timber harvesting. In many locations around the world, local governments are beginning to limit-or forbid entirely-the construction of access roads, in order to protect and preserve forest lands. As global environmental pressures increase, we expect an expansion of our opportunities in this sector.

Opportunities are also available in North America, which remains an attractive market for aerial timber harvesting. The demand for sawlogs, or softwood that typically carries a significant premium over pulpwood logs, remains strong. We believe demand for our timber harvesting services in North America is correlated to estimated housing starts in the United States, as well as demand from China.

Consumer demand is another reason why we see a strong demand in the use of aerial timber harvesting. Environmental awareness and consumer demand for more socially responsible businesses helped third-party forest certification emerge in the 1990s as a tool for communicating the environmental and social performance of forest operations. As of January 2014, more than 181 million hectares of forest in 81 countries have received Forest Stewardship Council (“FSC”) certification. Approximately 43% of these certifications are located in Europe, 41% in North America, seven percent in South America and the Caribbean, five percent in Asia and Oceania and four percent in Africa. Timber logged from certified forests is often more expensive and must be harvested in a sustainable manner, yielding growth opportunities for aerial timber harvesting as environmentally friendly forest resource management continues to grow in importance.

We have been conducting high performance, low impact aerial timber harvesting since 1971. Aerial timber harvesting with the Aircrane is a cost-competitive, sustainable and environmentally friendly method of harvesting high-value and difficult to access timber. Timber is vertically lifted and transported with our proprietary hydraulic grapple, minimizing the need for road development and large support crews on the ground. We believe one Aircrane can harvest and transport the same amount of timber in a day as

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approximately 50 ground tractors. The environmental benefits of this sustainable forest practice include far less damage to adjacent stands of trees, soil and riparian areas, resulting in less erosion and long term damage to the terrain.

Infrastructure Construction

Heavy-lift helicopters are used in a variety of infrastructure construction projects, transmission and utility grid construction, wind turbine construction, building construction, HVAC unit placement, ski lift construction and mine conveyor belt construction. Aerial services are often the most efficient means to accomplish heavy-lift project goals. Heavy-lift helicopters are playing an enhanced role in support of electric transmission line construction, allowing utilities and construction services firms to install infrastructure in remote or hard-to-access locations where traditional access methods may be too costly or impossible. Additionally, heavy-lift helicopters allow utilities to construct large lines faster and with minimal environmental impact, an increasing concern for asset owners.

We believe growth prospects exist on a global basis, as infrastructure development opportunities arise in both developing and developed countries for power and telecommunications construction, especially as these services are delivered to remote, less accessible regions, where the Aircrane is the ideal solution. This growth will also support the need for more high-rise buildings, and transportation infrastructure like bridges, tunnels, and ports. We expect government agencies around the world to increase the amount of these types of projects to meet population demands. We believe opportunities in South America, Asia, Europe, China and Africa will continue to make this a growth market for us.

The Aircrane's rear load-facing pilot seat, combined with the skill and experience of our pilots, makes the aircraft particularly well-suited for infrastructure projects that require extreme precision in load delivery, as well as heavy lifting of cargo items in locations where ground transportation would be challenging, cost-prohibitive, or impossible. To further meet our customers' needs, we have developed a number of innovative mission-specific tools and accessories that further enhance our capabilities and increase our versatility, including our anti-rotation device and hoist, hydraulic grapple, and material transport bucket.

The oil and gas industry uses helicopters in a variety of stages of their production process. Light helicopters are used to perform initial seismic surveying before and after blocks are acquired. Medium helicopters are used for transporting passengers, lighter construction needs and for pipeline placement. Heavy lift helicopters are used for heavy drill rig moves and site infrastructure construction.

With the acquisition of Air Amazonia, we broadened our services from a strong foothold in drill rig moves, pipeline and site construction to include capability across the full spectrum of helicopter services for on-shore and near-shore oil and gas exploration and drilling activities. The acquisition also expanded operations to include Brazil, a market which has high barriers to entry for foreign companies and strict regulations on foreign pilot flight hours.

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

As the owner of the S-64 Type and Production Certificates, as well as the Type Certificate for engines used in the S-64 Aircrane, we have the exclusive authority and ability to remanufacture an Aircrane, both for our customers and for our own fleet. This work takes place at our facilities in Southern Oregon, enabling us to remanufacture an Aircrane to new specifications in approximately 10 to 14 months, depending on specifications and complexity. We have remanufactured a total of 36 Aircranes for our own use and for sale to customers, and have sold one for domestic construction operations and eight for international firefighting operations. The sale of an Aircrane to an existing or potential Aerial Services customer may reduce future Aerial Services revenue opportunities with such customers or other third parties.

In addition to the remanufacturing of the Aircrane, we provide parts, major maintenance, and overhaul services for every Aircrane we have sold. We manufacture new aircraft components on a contract basis for key original equipment manufacturers of helicopters, as well as provide a wide array of MRO services to helicopter operators globally. These services include the disassembly, cleaning, inspection, repair, and reassembly of airframes, engines, components, and accessories, as well as the testing of complete engines and components to FAA, EASA and ANAC standards. We provide all these services out of our AS9100-certified facilities in Southern Oregon, which we complement with field support and airframe base maintenance out of a facility in Lucca, Italy. Additionally, our MRO business brings innovative engineered solutions to the market, from product redesign to cost-effective repair schemes.

We offer “Cost per Hour” (CPH) contracts, in which we provide a full suite of parts and services (e.g., replacement parts, spare parts replenishment, scheduled and unscheduled engine maintenance) for a customer's aircraft at a fixed hourly rate, increasing our customers' ability to predict and manage their maintenance costs. Entering into a CPH contract also allows us to deepen our ongoing relationship with our customers, monitor the performance of their aircraft, and generate additional contracted revenue.

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We also offer similar operations and services on engines and other components for owners of other aircraft platforms.

We have extensive capabilities in new parts production of airframes, aircraft systems, and avionics components for a wide variety of rotary aircraft. Our highly skilled mechanics and technicians regularly manufacture airframe subassemblies and other sheet metal parts and have machining capabilities that include computer numerical control milling, grinding, and lathing. Our manufacturing operations can fabricate hard-to-locate parts, or even reverse engineer and reproduce parts that may no longer be available from traditional sources, providing a valuable alternative on platforms where the supply chain faces obsolescence issues. And, beyond the usual capabilities of a repair station, we have a team of engineers and resident Designated Engineering Representatives (“DER”) to assist in repair salvages and modifications, as well as to address any engineering issues that arise during the maintenance process.

The Aircrane was originally manufactured by Sikorsky Aircraft Corporation. We purchased the S-64 Type Certificate from Sikorsky in 1992 and our in-house engineers have designed custom modifications to the Aircrane to meet our customers’ industry-specific needs, like our “heli-harvester” hydraulic logging grapple, a 2,650-gallon water tank and snorkel for aerial firefighting, an anti-rotation device and hoist for construction, and composite main rotor blades designed to improve performance. We are committed to continuous innovation and the allocation of resources to the design, engineering, and development of new and improved Aircrane tools and accessories for existing and new markets.

Research and Development

Our research and development efforts have been critical to our success, and we dedicate significant resources to improving our aircraft's performance and developing new applications and products. We spent \$3.8 million, \$4.0 million and \$4.7 million on research and development in 2014, 2013 and 2012, respectively. We have recently completed several new product applications and aircraft accessories and have others under development, including our composite main rotor blades, with respect to which the detailed design is complete and manufacturing tooling is fabricated, and prototype blades have been fabricated.

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

Backlog

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

Our backlog as of December 31, 2014 was \$325.4 million, of which \$159.7 million was attributable to signed contracts and \$165.7 million was attributable to anticipated exercises of customer extension options. We had total backlog of \$428.3 million as of December 31, 2013, of which \$139.7 million was attributable to signed contracts and \$288.6 million was attributable to anticipated exercises of customer extension options.

A material portion of our contracts are subject to a cancellation notice period of 90 days or less.

Sales and Marketing

Our sales and marketing team is built around our diverse end markets. We have added significant depth in expertise in sales to government agencies and to South American oil and gas sectors. We also retain independent representatives in specific countries on a commission basis. Our independent representatives operate under contracts in which they pledge to act in full compliance with the Foreign Corrupt Practices Act ("FCPA") and other applicable legislation.

Our marketing functions are principally directed at identifying and understanding geographic markets and developing new applications for our products and services. We are currently focused on potential energy applications for oil and gas exploration, transmission towers, and pipeline development in South America, Europe, North America, Africa and Asia. Our

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government sector includes support for the DoD, State Department and other governmental agencies in the Middle East, Africa, South Pacific, Hawaii, and Alaska. In firefighting applications, we are focused on North America, Australia, and Europe. We are pursuing timber harvesting applications in North America, and construction applications in North America, Europe, the Middle East, South America, and Asia.

Significant Customers

Each of Fluor Corporation ("Fluor") and the U.S. Forest Service accounted for 10% or more of our net revenues in 2014, and we have existing contracts with each of these customers, with which we believe that we have good relationships.

The table below sets forth all customers that accounted for at least 10% of our net revenues in 2014, 2013, or 2012:

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	
Fluor ⁽¹⁾	17.4	% 14.8	% —	
U.S. Forest Service	13.0	% 14.7	% 28.6	%
Italian Ministry of Civil Protection ⁽²⁾	—	% 3.0	% 12.9	%
	30.4	% 32.5	% 41.5	%

(1)Fluor was a customer serviced by Evergreen Helicopters for the year ended December 31, 2012.

(2)Our contract to provide services to the Italian Ministry of Civil Protection expired in June 2013.

Intellectual Property

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

We have patents related to our sea snorkel in the U.S., Canada, Korea, China, certain countries in Europe, and elsewhere. Our sea snorkel patents expire in the U.S. in 2021. We may file for additional patent protection as we deem appropriate to protect new products.

We have registered the AIR CRANE word mark in the United States and we have registered the Erickson logo, featuring a design of an Airplane. We have also registered the A.I.R.S. word mark in the United States. We have a pending trademark filing in the United States for the AIRPLANE INCIDENT RESPONSE SYSTEMS word mark. In 2013, as part of our re-branding effort, we filed a trademark application for our new Erickson name with stylized design, which application is currently pending in the U.S. Trademark Office.

During the year ended December 31, 2013, we purchased the Type Certificate for engines used in the S-64 Airplane.

Insurance and Risk Management

We complement our risk management strategy by maintaining hull insurance on our aircraft covering us for loss of or damage to the aircraft, and liability insurance for the cost of defending against and paying any claims brought by a

third party. We also insure the aircraft against war risk and related perils. In addition, we maintain insurance for other risks inherent in doing business, such as automobile liability, pollution liability, and workers' compensation coverage. In some instances, we are covered by indemnity agreements from our customers in lieu of, or in addition to, our insurance.

Competition

As a leading global provider of aviation services specializing in oil and gas, government services, legacy aircraft MRO and manufacturing, and commercial services such as firefighting, HVAC, power line, specialty, construction, and timber harvesting, Erickson operates a fleet of light, medium, and heavy rotor-wing and fixed-wing aircraft. We have transformed our competitive position from a highly-specialized, vertical heavy-lift operator to that of a diversified supplier of a full range of aerial services,

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still including a unique and valuable capability for various heavy-lift mission roles. Our diversification has enhanced our competitiveness in several ways, including the ability to provide a comprehensive range of services for certain customers; at the same time, we have also expanded the number of companies against which we compete. This increased competition has placed pressure on our margins, but we are confident of our long-term opportunity to compete successfully, and drive value to our stockholders through the continued execution of our business and the ongoing execution of our strategies. We believe the combination of our reputation for operational excellence, superior safety record, and our vertically integrated manufacturing and overhaul capability give us a unique advantage compared with our competition.

Seasonality

Our flight hours are substantially reduced in winter or monsoon seasons. The global deployment of our helicopters and crews helps to limit the effect of seasonality, but our operations tend to peak in June through October and to be at a low point in January through April.

Employees and Training

We employ approximately 1,000 employees, of which approximately 650 are located in Oregon, primarily at our Central Point and McMinnville facilities and Portland headquarters. We employ approximately 350 pilots. We deploy crews, including pilots and maintenance personnel, on-site globally where we deploy our aircraft. None of our U.S. employees are represented by a labor union. Approximately 15 pilots in Italy are covered by statutory employment protections. In Brazil, all of our approximately 35 employees are covered by statutory employment protections under Brazilian labor law.

We hire highly-experienced pilots and mechanics to operate and maintain all of our aircraft. Our hiring policy for Airplane and other multi-engine helicopter pilots mandate that each must have a minimum of 2,000 total hours with 1,500 hours of helicopter, Pilot in Command time to be employed by us as a Second in Command pilot; our policy for single-engine helicopter pilots requires that each candidate have a minimum of 1,500 total hours with 1,000 hours of Pilot in Command helicopter time. The training necessary for Airplane pilots to advance to Captain status is extensive and can take up to five years. Our Airplane Captains have an average of over 10,000 hours of helicopter time, with extensive experience in fire and vertical reference missions.

Erickson Helicopters, Inc. and Erickson Transport, Inc. field mechanics are qualified to perform Return to Service ("RTS") on our fleet of rotor and fixed-wing aircraft, based on work experience and training. All field mechanics must satisfy the requirements of the respective FAA-accepted Air Carrier Part 135 Training Program and are evaluated in accordance with that standard, before becoming qualified to sign off the aircraft. Built into this certification requirement are the training, qualification, and authorization of 'Required Inspection Item' ("RII") inspectors. This is an additional control to reduce risk to a residual level prior to releasing an aircraft back to service.

Our Airplane field mechanics are also qualified to perform a number of RTS levels of based on work experience and task qualification. All Airplane field mechanics must meet the requirements of the FAA-approved, Repair Station Part 145 Training Program and minimum task qualifications before becoming qualified to sign off the aircraft. The task qualification process typically takes three to five years for an FAA-certificated mechanic to reach Full RTS. This process ensures that the mechanics performing work on our fleet of Airplanes meet the high standards that have become associated with Erickson Incorporated.

Finally, a limited number of our field mechanics are trained, qualified, and authorized in Non Destructive Testing, Pilot-Static Testing, and ATC Transponder Testing.

Regulation

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

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

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The FAA and comparable foreign agencies, including the European Aviation Safety Agency and Agência Nacional de Aviação Civil ("ANAC"), have jurisdiction over many aspects of our business, including:

• The issuance of type certificates for the Airplane and Airplane engines;

• Approval of major modifications to the Airplane or its systems;

• Approval of Airplane accessories used in our operations, such as our sea snorkel and our anti-rotation device and hoist;

• Promulgation and enforcement of rules governing the operation of aircraft generally and in connection with specific missions;

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

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

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

U.S. federal laws require that at least 75% of the voting securities of a domestic air carrier be owned or controlled by citizens of the U.S., and that its president and at least two-thirds of its directors and managing officers be U.S. citizens. Our CEO and at least two-thirds of our directors and managing officers are U.S. citizens, and our certificate of incorporation and bylaws restrict voting of shares of our capital stock by non-U.S. citizens. Our bylaws provide that no shares of our capital stock may be voted by or at the direction of non-U.S. citizens unless such shares are registered on a separate stock record, which we refer to as the foreign stock record. Our bylaws further provide that the voting rights of the shares registered on the foreign stock record in the name of each foreign stockholder will be proportionally reduced so that the voting rights of the amount so registered are reduced if the amount registered would exceed the foreign ownership restrictions imposed by federal law.

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

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

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

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

Safety

Our systems for managing safety and risks were tested throughout the year. External evaluations yielded excellent results regarding operational performance, maintenance practices, and overall readiness. In January 2014, our facilities in Central Point graduated from the Oregon OSHA Safety and Health Achievement Recognition Program ("SHARP"), identifying us as a company that achieved a level of safety that far exceeds minimum compliance standards. In April 2014, CARB evaluated our operating certificates. The evaluations were concluded ahead of schedule and resulted in zero discrepancies. In June 2014, a new web-based safety reporting site was launched, allowing for any employee to report safety-related issues in real time. This system allows for managers to quickly assess hazards and put mitigation steps in place in a proactive manner. In October of

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2014, Erickson Helicopters, Inc., followed shortly by Erickson Transport, Inc. on December of 2014, became Wyvern Wingman Certified operators. The Wyvern Wingman Standard has been recognized as the industry's gold standard in aviation safety for twenty-two years, and is constantly updated to reflect a commitment to current industry best practices and the highest level of safety culture and protocol. There were no accidents in 2014 and we are in a position to grow and strengthen our safety culture.

Organizational Structure

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

ITEM 1A.

RISK FACTORS

Our business is subject to numerous risks and uncertainties. You should carefully consider the following risk factors and all other information contained in this annual report on Form 10-K and the reports we file with the SEC from time to time. Any of these risks could harm our business, results of operations, financial condition and prospects. In addition, risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, results of operations, financial condition and prospects.

Risks Relating to our Indebtedness

Our indebtedness and significant debt service obligations could adversely affect our financial condition and impair our ability to grow and operate our business.

We are a highly leveraged company and, as a result, have significant debt service obligations. In May 2013, we issued \$400.0 million in aggregate principal amount of 8.25% Second Priority Senior Secured Notes due 2020 (the "2020 Senior Notes"), issued \$17.5 million in unsecured 2020 subordinated promissory notes (the "2020 Subordinated Notes" and together with the 2020 Senior Notes, the "Notes"), refinanced our prior 2015 Subordinated Notes and 2016 Subordinated Notes, and refinanced our prior senior secured asset-based credit facilities, composed of Term Debt and Revolving Line of Credit. Our total borrowings under the Notes and our senior secured asset-based credit facility entered into on May 2, 2013 and amended on June 14, 2013 and March 11, 2014 (the "Revolving Credit Facility"), excluding letters of credit, at December 31, 2014 was approximately \$460.8 million. As of December 31, 2014, we had maximum availability for borrowings under our Revolving Credit Facility of approximately \$46.0 million. Our Notes and Revolving Credit Facility mature on May 1, 2020 and May 2, 2018, respectively, and these borrowings are secured by liens on substantially all of our and the guarantors' existing and future assets. Our substantial indebtedness could require us to dedicate a significant portion of our cash flow from operations to debt payments, thereby increasing our vulnerability to generally adverse economic and industry conditions, or limit our flexibility in planning for or reacting to changes in our business and future business opportunities. If we are unable to repay our outstanding indebtedness, or refinance it on favorable terms, if at all, we may need to seek financing through the issuance of additional debt or equity securities. We may be unable to repay our borrowings under our Notes and Revolving Credit Facility when due, refinance this indebtedness on favorable terms, if at all, or obtain other financing on favorable terms, if at all, which would adversely affect our business, financial condition and results of operations and impair our ability to grow and operate our business.

Our substantial indebtedness could also:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including our obligations under the indenture to purchase notes tendered as a result of a change in control;
- increase our vulnerability to generally adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures, research and development and other general corporate requirements;

require us to dedicate a substantial portion of our cash flow from operations to service payments on our debt;
increase the price volatility of our common stock;
limit our flexibility to react to changes in our business and the industry in which we operate;
place us at a competitive disadvantage to any of our competitors that have less debt; and
limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds.

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Our Revolving Credit Facility requires that we maintain a fixed charge coverage ratio of at least 1.2:1.0 if our average excess availability is greater than \$16.8 million (as calculated pursuant to the terms of the Revolving Credit Facility) or 1.05:1.0 if our average excess availability is less than or equal to \$16.8 million (as calculated pursuant to the terms of the Revolving Credit Facility), and imposes an annual growth capital expenditures limit of \$25.0 million, subject to standard carry-over provisions.

Failure to comply with these covenants is an event of default under the facility and as a result our ability to draw down borrowings under our Revolving Credit Facility depends in part on our compliance with these covenants.

An inability to draw down on our Revolving Credit Facility could have a material adverse effect on our ability to make capital expenditures, on our results of operations and on our liquidity. Further, failure to maintain the financial ratios required under our Revolving Credit Facility would constitute an event of default, allowing the lenders under our Revolving Credit Facility to declare the entire balance of any and all sums payable under the Revolving Credit Facility immediately due and payable. If a payment default or acceleration were to occur under our Revolving Credit Facility, holders of 2020 Senior Notes would be permitted to accelerate the maturity of the 2020 Senior Notes.

Our ability to meet our debt service obligations and seek any potential re-financing of our indebtedness, including the debt existing at the time of the issuance of Notes as well as any future debt that we may incur, will depend upon our ability to generate cash in the future from operations, financings or asset sales, which are subject to general economic conditions, industry cycles, seasonality and other factors, some of which may be beyond our control. If we cannot repay or refinance our debt as it becomes due, we may be forced to sell assets or take other disadvantageous actions, including (i) reducing financing in the future for working capital, capital expenditures and general corporate purposes or (ii) dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in our industry could be impaired.

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, if at all.

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

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

Operational Risks Relating to our Business

The helicopter services business is highly competitive.

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

We have several major competitors and numerous small competitors operating in our aerial services markets. In the firefighting market, we compete heavily with both helicopter and fixed-wing operators. Our competitors may at times

undercut our prices, especially if they are at risk of having too many idle aircraft. In the timber harvesting market, we compete with other heavy-lift helicopter operators, medium-lift helicopter operators, and ground-based solutions.

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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. Furthermore, we are facing increased international competition and cross-border consolidation of competition.

We may not be able to compete successfully against our current or future competitors and the competitive pressures we face may 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.

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.

Several of our largest customers are governmental agencies or entities that may be subject to budget or other financial constraints. The economies of Greece and Italy in particular have been adversely affected by global financial pressures. In light of the ongoing European sovereign debt crisis, there are heightened risks associated with our future revenue attributable to, and our accounts receivable from, the Hellenic Fire Brigade, now contracted through NAMSA, and the Italian Ministry of Civil Protection. Similarly, in light of anticipated troop withdrawals in Afghanistan, there is a heightened risk of a decline in our future revenue attributable to our contract with Fluor.

Should we lose one of our major customers for any reason, we may be unable to identify new opportunities sufficient to avoid a reduction in revenues and our business and financial condition could suffer.

In addition, contracts with the majority of our significant customers are multi-year contracts; however, many of these contracts are subject to a cancellation notice period of 90 days or less, and all of these contracts are periodically up for renewal or rebid. Renewal, or a successful rebid, is not guaranteed. Should we lose one of our major customers for any reason, we may be unable to identify new opportunities sufficient to avoid a reduction in our revenues and operating earnings, which would have a material adverse effect on our business, financial condition, results of operations, and cash flows. 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 with us, including general economic factors, our operations could be materially and adversely affected.

Several of our material contracts provide for differentiating factors in their award process which include small business status, performance records, safety records, and other factors. Several of these factors have been instrumental in us winning new work and continuing contracts. Should our ability to utilize these differentiating factors become compromised, our operating results may be materially impacted.

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, revocation of necessary governmental approvals 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. In addition, we ship our helicopters to various locations, which expose them to various risks when in transit, including risks relating to piracy, inclement weather and improper shipment. 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. 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 impairs the use of an aircraft but that is not fully covered by insurance could have a material adverse effect on our business, financial condition, results of operations, and cash flows. The loss of an aircraft, which we believe would take us at least six months to replace, could negatively impact our operations.

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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 and expense, 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.

Our failure to timely collect our receivables could adversely affect our cash flows and results of operations.

We provide services to our customers for which we are customarily not paid in advance. We rely on the creditworthiness of our customers to collect on our receivables in a timely manner after we have billed for services previously provided. While we generally provide services pursuant to a written contract which determines the terms and conditions of payment to us by our customers, occasionally customers may dispute a bill and delay, contest, or not pay our receivable. Our failure to timely collect our receivables could adversely affect our cash flows and results of operations and could cause us to fail to comply with the financial covenants in our Revolving Credit Facility.

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 are fixed. Flight hours could be negatively impacted by factors beyond our control and fluctuate depending on cyclical weather-related and seasonal limitations, which would affect our revenues and operations. In addition, 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. 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, results of operations, and cash flows. We budget for our operations based on historical weather information, but unexpectedly poor weather could materially affect our results of operations.

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

Backlog represents the amount of revenue that we expect to derive from signed contracts, including oral contracts that have been subsequently memorialized in writing, or anticipated exercises of customer extension options. For contracts that include a guaranteed number of hours, the value of the guaranteed hours is included in backlog. For CPH contracts, which depend on hours flown by our customers, we calculate the contribution to backlog based on contracted minimum hours. We calculate the contribution to backlog for some timber harvesting contracts based on our estimate of the cubic meters of high grade timber we expect to deliver under the contract based on our experience. As a result, our estimates of backlog for some of our timber harvesting contracts could be affected by variables beyond our control and may not be entirely realized, if at all. In addition, given the nature of our customers and our industry, there is a risk that our backlog may not be fully realized in the future. Failure to realize sales from our existing or future backlog would negatively impact our business, financial condition, results of operations or cash flows.

Some of our arrangements with customers are short-term, ad hoc, or “call when needed” and may not be renewed.

We generate a portion of our revenues from arrangements with customers with terms of less than six months, ad hoc arrangements, and “call when needed” contracts. For the year ended December 31, 2014, for example, approximately 5% 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 internalize the services we provided to them. If we are unable to retain or replace customers experiencing similar circumstances, our business and financial condition could suffer.

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If an accident or sale made an aircraft unavailable to us, our business could suffer.

As of December 31, 2014, we operated a fleet of 86 aircraft, 62 of which were providing government and commercial aerial services during the year. An accident or sale could make an aircraft unavailable to us temporarily or permanently. A sale of an aircraft that is part of our fleet would also reduce the number of aircraft available to provide Aerial Services. The purchase price of a used aircraft is generally lower than the purchase price of a remanufactured aircraft. Although we would expect to be able to maintain the level of our operations if we sell an aircraft from our fleet through more efficient scheduling of our fleet or by allocating aircraft remanufactured in our plant to aerial services operations, we may not always have the ability to maintain our desired level of Aerial Services operations with a reduced fleet and our results of operations could be adversely affected.

Foreign, domestic, federal, state 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. 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;
- reductions in military and defense spending;
- realignment of funds to address changed government priorities;
- government shutdowns (such as those which occurred during the U.S. Government's 1996 and 2013 fiscal years) 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. We establish warranty reserves that represent our estimate of the costs we expect to incur to fulfill our warranty requirements. We base our estimate for warranty reserves on our historical experience and other assumptions. If actual results materially differ from these estimates, our results of operations could be materially adversely affected.

Because we own the S-64 Type Certificate, we are obligated to issue directives to operators of our aircraft and to identify defects in or required replacements for 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. We also purchased the Type Certificate during 2013 for engines used in the S-64 Airplanes.

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

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experienced and highly trained personnel is extremely competitive. Accordingly, we cannot assure that we will be successful in our efforts to attract and retain such persons. Some of our pilots and mechanics, and those of our competitors, are members of the U.S. military reserves and could be called to active duty. If significant numbers of such persons were called to active duty, it would reduce the supply of such workers, possibly curtailing our operations and likely increasing our labor costs. Because of our small size relative to many of our competitors, we may be unable to attract qualified personnel as easily as our competitors.

The 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 agreements which could subject us to losses if we have cost overruns. Under these contracts, we typically are responsible for normal maintenance, repair, and fuel costs. In addition, some of our Aerial Services contracts have performance penalty provisions, subjecting us to the risk of unexpected down time caused by mechanical failures, extreme weather 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 for remanufacture of 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.

Our customers may seek to shift risk to us.

We give to and receive from our customers indemnities relating to damages caused or sustained by us in connection with our operations. Our customers' changing views on risk allocation could cause us to accept greater risk to win new business or could result in us losing business if we are not prepared to take such risks. To the extent that we accept such additional risk, and seek to insure against it, our insurance premiums could rise.

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

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

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

We rely on over 200 supplier business units or locations for significant or critical components. A small number of manufacturers make some of the key components for our aircraft, and in some instances there is only a single manufacturer, although other manufacturers could be used if necessary for all of our components. If these manufacturers experience production delays, or if the cost of components increases, our operations could suffer. If a manufacturer ceases production of a required component, we could incur significant costs in purchasing the right to manufacture those components or in developing and certifying a suitable replacement, and in manufacturing those components.

Many key components and parts of our aircraft 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 and able 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.

Failure to develop new technologies, and to adequately protect our intellectual property rights, could adversely affect our operations.

Our success has resulted in part from our development of new applications for our aircraft, such as our fire tank and snorkel for firefighting services, and we believe our growth will continue to depend on the development of new

products or applications. Competitors may develop similar applications for their aircraft, which would increase our competition in providing aerial services. In addition, our growth strategy depends, in part, on our ability to develop new products and applications. A number

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of factors, including FAA certifications, could result in our being unable to capitalize on the development costs for such products or applications. Not all of our products and applications have been, or may be, patented or otherwise legally protected. 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 new and existing intellectual property rights. Any of these parties may breach these agreements and we may not have adequate remedies for any specific breach. If we are not able to adequately protect the inventions and intellectual property we have developed, in the U.S. and in foreign countries, or 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 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.

Our business is subject to risks associated with international operations, including operations in emerging markets. We purchase products from and supply products to businesses located outside of the United States. We also have significant operations outside the United States. For the years ended December 31, 2014 and 2013, approximately 70% and 66%, respectively, of our total revenues were attributable to operations in non-U.S. countries. A number of risks inherent in international operations could have a material adverse effect on our international operations and, consequently, on our results of operations, including:

- the uncertain ability of select non-U.S. customers to finance purchases and our inability in certain jurisdictions to evaluate accurately the creditworthiness of potential customers due to fewer transparency and disclosure requirements;
- currency fluctuations, which can reduce our revenues for transactions denominated in non-U.S. currency or make our services relatively more expensive if denominated in U.S. currency;
- difficulties in staffing and managing multi-national operations;
- political and financial instability in several of the countries in which we operate, including Greece and Italy;
- the exit or closure of any foreign operations or venues as a result of uncertain local business or legal conditions;
- significant receivables from international customers;
- risks associated with transporting our aircraft, including risks associated with piracy and adverse weather;
- fluctuations in the costs associated with transporting our aircraft, pilots, and crews, which are significant operating costs for us;
- limitations on our ability to enforce legal rights and remedies;
- uncertainties regarding required approvals or legal structures necessary to operate aircraft or provide our products and services in a given jurisdiction;
- changes in regulatory structures or trade policies;
- tariff and tax regulations including permanent establishment determinations by foreign governments;
- ensuring compliance with the FCPA;
- difficulties in obtaining export and import licenses; and
- the risk of government-financed competition.

Part of our growth strategy is to enter new markets, including emerging market countries such as China and in South America. Emerging market countries have less developed economies that are more vulnerable to economic and political problems and may experience significant fluctuations in gross domestic product, interest rates, and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets, and the imposition of taxes or other charges by government authorities. The occurrence of any of these events and the resulting economic instability that may arise could adversely affect our operations in those countries, or the ability of our customers in those countries to meet their

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obligations. As a result, customers that operate in emerging market countries may be more likely to default than customers that operate in developed countries. In addition, legal systems in emerging market countries may be less developed, which could make it more difficult for us to enforce our legal rights in those countries. In particular, we have focused on expanding our presence in developing markets such as China and Malaysia, and the laws and regulations governing aviation sales and services may require approvals that are uncertain and enforcement of joint venture or other contractual relationships may be uncertain. For these and other reasons, our growth plans may be materially and adversely affected by adverse economic and political developments in emerging market countries. We are subject to many different forms of taxation in various jurisdictions throughout the world, which could lead to disagreements with tax authorities regarding the application of tax laws.

We are subject to many different forms of taxation including, but not limited to, income tax, withholding tax, commodity tax and payroll-related taxes. Tax law and administration is extremely complex and often requires us to make subjective determinations. The tax authorities in the various jurisdictions where we conduct business might not agree with the determinations that are made by us with respect to the application of tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial funds to the government authorities of foreign and local jurisdictions where we conduct business or provide goods or services, which could have a material adverse effect on our business, financial condition or results of operations.

Our estimate of tax related assets, liabilities, recoveries and expenses incorporates significant assumptions. These assumptions include, but are not limited to, the tax laws in various jurisdictions, the effect of tax treaties between jurisdictions, taxable income projections, and the benefits of various restructuring plans. To the extent that such assumptions differ from actual results, we may have to record additional income tax expenses and liabilities.

We are exposed to foreign currency risks.

Our consolidated financial statements are presented in U.S. dollars. However, a significant portion of our revenue and operating expenses are denominated in currencies consisting primarily of Canadian Dollars, Australian Dollars, the Euro, Peruvian Nuevo Sol, and the Brazilian Real. The functional currencies of several of our subsidiaries are non-U.S. currencies. There can be no assurances that our foreign currency risk management strategies will be effective and that foreign currency fluctuations will not adversely affect our results of operations and financial condition. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates - Quantitative and Qualitative Disclosures About Market Risk”.

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

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

Fuel shortages or 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.

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 man made 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, financial condition, results of operations, and cash flows.

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We rely on information technology, and if we are unable to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, our operations could be disrupted and our business could be negatively affected.

We rely on information technology networks and systems to process, transmit and store electronic and financial information; to coordinate our business across our global operation bases; and to communicate within our company and with customers, suppliers, partners and other third-parties. These information technology systems may be susceptible to damage, disruptions or shutdowns, hardware or software failures, power outages, computer viruses, cyber attacks, telecommunication failures, user errors or catastrophic events. If our information technology systems suffer severe damage, disruption or shutdown, and our business continuity plans do not effectively resolve the issues in a timely manner, our operations could be disrupted and our business could be negatively affected. In addition, cyber attacks could lead to potential unauthorized access and disclosure of confidential information, and data loss and corruption. There is no assurance that we will not experience these service interruptions or cyber attacks in the future. General economic conditions and recent market events may expose us to new risks.

Recent events in the financial markets and the economic downturn have contributed to severe volatility in the securities markets, a severe liquidity crisis in the global financial markets, and unprecedented government intervention. These conditions have affected our results of operations and may continue to affect them. In such an environment, significant additional risks may exist for us. The recent instability in the financial markets has led the U.S. government to take a number of unprecedented actions designed to support certain financial and other institutions and segments of the financial market that have experienced extreme volatility, and in some cases, a lack of liquidity. There can be no assurance that this intervention will improve market conditions, that such conditions will not continue to deteriorate, or that further government intervention will or will not occur. If economic conditions 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 canceled;
- 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 condition. We cannot predict our ability to obtain financing, 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. Existing stockholders exert significant influence over us. Their interests may not coincide with other stockholders and they may make decisions with which other stockholders may disagree.

Entities affiliated with ZM Equity Partners, LLC own a significant percentage of our outstanding common stock, and two of our directors are managing directors of Centre Lane Partners, LLC, an affiliate of ZM Equity Partners, LLC. As a result, these stockholders, acting individually or together, could exert significant influence over all matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions. In addition, this concentration of ownership could delay or prevent a change in control of our company or 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 interests of other stockholders. Accordingly, these stockholders could cause us to enter into transactions or agreements that other stockholders would not approve or make other decisions with which other stockholders disagree.

Regulatory Risks Relating to Our Business

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, financial condition, results of operations, and cash flows.

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 DOT, principally through the FAA. The FAA promulgates rules relating to the general operation of our aircraft, the process by which our aircraft are maintained, the components and systems that are installed in our aircraft, the qualification of our flight crews and maintenance personnel, and the specialized operations that we undertake, including the carrying of loads and the use of various chemicals. We are regularly inspected by FAA personnel to ensure compliance. Additionally, we are sometimes subject to government inquiries

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and investigations of our business due to, among other things, our business relationships with the U.S. government and the heavily regulated nature of our industry. 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 as a result of the promulgation by the FAA of airworthiness directives or for other safety-related reasons, 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 these 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 must approve major changes in aircraft design such as fuel control systems or new rotor blades. Such approvals take time, require significant 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. In addition, governmental contracts typically require a competitive bid process, and the award of a contract may be subject to challenge by bid participants. In addition, government contracts are terminable at any time for the convenience of the government.

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, financial condition, results of operations, and cash flows.

Our international sales and operations are subject to applicable laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect our operations.

We must comply with all applicable export control laws and regulations of the United States and other countries. United States laws and regulations applicable to us include the Arms Export Control Act, the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR"), and the trade sanctions laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"). EAR restricts the export of dual-use products and technical data to certain countries, while ITAR restricts the export of defense products, technical data and defense services. The U.S. government agencies responsible for administering EAR and ITAR have significant discretion in the interpretation and enforcement of these regulations. We also cannot provide services to certain countries subject to United States trade sanctions unless we first obtain the necessary authorizations from OFAC. In addition, we are subject to the FCPA, and other anti-bribery laws that, generally, bar bribes or unreasonable gifts to foreign governments or officials.

Violations of these laws or regulations could result in significant additional sanctions including fines, more onerous compliance requirements, more extensive debarments from export privileges, loss of authorizations needed to conduct aspects of our international business and criminal penalties and may harm our ability to enter into contracts with the U.S. government. A future violation of ITAR or the other regulations enumerated above could materially affect our business, financial condition and results of operations.

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Our business in countries with a history of corruption and transactions with foreign governments increases the compliance risks associated with our international activities.

Our international operations could expose us to trade and economic sanctions or other restrictions imposed by the United States or other governments or organizations. The U.S. Department of Justice (“DOJ”) and other federal agencies and authorities have a broad range of civil and criminal penalties at their disposal to impose against corporations and individuals for violations of trading sanctions laws, the FCPA, and other federal statutes. Under trading sanctions laws, the government may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries, and modifications to compliance programs, which may increase compliance costs, and could subject us to fines, penalties and other sanctions. If any of the risks described above were to materialize, they could adversely impact our financial condition or results of operations.

These laws also prohibit improper payments or offers of payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. We have operations, deal with government entities and have contracts in countries known to experience corruption. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or associates that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. Our existing safeguards and procedures might prove to be less than fully effective, and our employees, consultants, sales agents or associates might engage in conduct for which we could be held responsible. Violations of the FCPA could result in severe criminal or civil sanctions, and we could be subject to other liabilities that could negatively affect our business, financial condition or results of operations.

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

In the late 1990s, environmental damage that resulted from hazardous substances at our Central Point, Oregon facility was identified. It was determined that the contamination migrated beyond the property boundary at our facility and impacted off-site water supply wells. A remediation was completed in the late 1990s. Based on the testing of the site in recent years, the contamination levels have been decreasing, though the remediation cannot be guaranteed. We are continuing to participate in monitoring and testing the remediation of the site and we incur ongoing costs for this monitoring and testing. Our obligations in respect of such contamination are subject to an indemnification agreement with our former owner. Under this agreement, our potential total liability in respect of remediation costs is capped at \$0.5 million, of which we have already paid \$0.4 million, with a total remaining liability of \$0.1 million. Although the agreement caps our total potential liability, the creditworthiness of the indemnitor is uncertain. If the indemnitor fails to honor the terms of the indemnification agreement, it is possible that we would have to bear the entire cost of the remediation, monitoring and testing. In addition, it is possible that government agencies or other parties could bring a claim against us resulting from the contamination and that defending and resolving such claims could adversely affect our financial condition and results of operations.

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

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

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.

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Risks Relating to Acquisitions

We may not realize the anticipated benefits of the EHI and Air Amazonia acquisitions or other 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. For example, we acquired EHI in May 2013 and Air Amazonia in September 2013. 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; whether we incur unknown or contingent liabilities; and the management of the operations. We have had limited experience with such integrations, and difficulties in integrating the operations and personnel of any acquired companies could disrupt our business operations, divert management's time and attention and impair relationships with and risk the possible loss of key employees and customers of the acquired business. 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. In addition, our cash from operations, the 2020 Senior Notes offering and borrowings available under the Revolving Credit Facility may not be sufficient to fund any acquisitions or strategic transactions we choose to make. As a result, in the event we engage in any acquisitions or strategic transactions we may need to seek additional funds through the issuance of additional equity or debt securities or other sources of financing. Consolidations or 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 business, financial condition, results of operations or cash flows.

We do not have extensive operating history in passenger and cargo transportation or with the types of aircraft we acquired in the EHI and Air Amazonia acquisitions.

We have historically operated the S-64 Airplane, specializing in heavy-lift aerial services such as firefighting, timber harvesting, infrastructure construction and oil and gas exploration. We have limited experience in transporting passengers and cargo with medium and light-lift rotor wing aircraft and fixed wing aircraft. Failure to properly comply with Part 135 regulations and maintenance requirements could lead to the revocation of the certification, which could materially and adversely impact our business, financial condition, results of operations or cash flows.

We do not have an extensive operating history in South America, the Middle East and Africa, the geographic locations in which EHI and Air Amazonia historically operated.

Our acquisition of EHI and Air Amazonia has resulted in our operating in new international geographic locations. A number of risks inherent in international operations could have a material adverse effect on our international operations and, consequently, on our results of operations, including:

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

- changes in regulatory structures or trade policies;
- tariff and tax regulations including permanent establishment determinations by foreign governments;
- ensuring compliance with the FCPA; and
- the risk of government-financed competition.

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

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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.

We do not have extensive operating history with DoD-related services of the type EHI historically provided. Our acquisition of EHI has resulted in our providing helicopter services to DoD-related customers and projects, which we had not previously done. The DoD requires CARB certification in order to provide passenger and cargo transportation services. Our failure to remain in compliance with applicable regulations and requirements could lead to the loss of DoD related business, which could result in a material adverse effect on our business, financial position, results of operations and cash flows.

DoD contracts and programs are subject to U.S. government defense budgets, which could be impacted by forces beyond our control such as:

- 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;
- government shutdowns, the effects of sequestration that commenced on March 1, 2013, and other potential delays in government appropriations processes;
- adoption of new laws or regulations;
- threat of national risk and war; 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 EHI has historically supported could cause a material decline in our revenues and harm our financial results.

The anticipated reduction in troops in Afghanistan in the near-term may adversely affect us.

The largest customer we acquired in the EHI transaction provides base and troop support services in Afghanistan to various departments of the U.S. government. The U.S. government has announced plans to reduce its military activities in Afghanistan in 2014 and beyond, although we do not know the exact timing and number of troops to be withdrawn at this time. This reduction has had and may continue to have a negative impact on our overall Government revenue. As a result of the already reduced level of flight activity in the Afghanistan region, we have seen increased pressure from our competitors in connection with new DoD contracts in other regions of the world where we operate, which we believe may negatively impact our pricing with respect to some of the new DoD contracts on which we bid. In addition, our end-customer in the Philippines has indicated that certain portions or all of the contracted work in that region will be progressively concluding by the middle of 2015. While we do not yet fully understand the magnitude of this reduction in service levels, this uncertainty may have a negative impact on the Government segment of our business. As the number of the aircraft being utilized by our DoD customers changes, we will actively manage our leased aircraft portfolio. If we are not successful, the fixed lease costs may negatively impact our margins.

EIA, the former parent company of EHI, filed a Chapter 7 bankruptcy petition on December 31, 2013.

In acquiring EHI, we acquired a business with significant accounts payable outstanding as a result of the financial distress at EIA. Certain vendors and suppliers are holding aircraft, parts and equipment as a result of missed or delayed payments, and as a result, EHI was not able to adequately maintain certain of its aircraft. A number of these aircraft are not air-worthy, causing dissatisfaction among certain customers. Failure by Erickson to promptly source the parts and equipment necessary to repair the aircraft could lead to the loss of or ineligibility for significant contracts, including government contracts, which will have a material adverse impact on our business, financial

condition, results of operations or cash flows.

Furthermore, failure to come to terms with EHI's vendors and suppliers may result in our being named as a defendant in lawsuits asserting potentially large claims. A settlement or judgment in which we are not the prevailing party could materially and adversely affect our business, financial condition, results of operations or cash flows.

EHI's practice of leasing a significant portion of the aircraft in its fleet may result in higher operating costs and contractual obligations for us.

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In acquiring EHI, we acquired a company that leased a majority of its aircraft, which may result in higher operating costs and contractual obligations than if it owned these aircraft. Certain of these aircraft lessors require the aircraft to be returned in airworthy condition at the termination of the lease, which could result in higher capital expenditures. Failure to comply with the terms of the leases could result in significant fees and expenses or the foreclosure of an aircraft, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

EHI operates in certain dangerous and war-affected areas, which may result in hazards to our fleet and personnel. The operation of helicopters inherently involves a high degree of risk. Hazards such as aircraft accidents, mechanical failures, collisions, fire, adverse weather, explosions, military attacks and other military activities 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, which with our acquisition of EHI now include passenger and cargo transportation in dangerous and war-affected areas, can be hazardous. We maintain hull and liability insurance on our aircraft, including those acquired in the EHI acquisition, which insures against physical loss of, or damage to, the aircraft and against certain legal liabilities to others. In addition, we carry war risk, expropriation, confiscation, and nationalization insurance for the aircraft involved in international operations associated with EHI's historical operations. In some instances, we are covered by indemnity agreements from customers in lieu of, or in addition to, insurance. 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 aircraft is typically lower than its replacement cost, and the 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 effect on our business, financial condition, results of operations, and cash flows.

Air Amazonia operates solely in Brazil which is highly regulated regarding various matters. We may not be able to operate successfully in that country.

Following our acquisition of Air Amazonia, our business in Brazil is subject to political, economic, legal, operational and other risks that are inherent to operating in that country. The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in the monetary and credit policy and economic regulation, as well as in other governmental policies. The Brazilian government's actions to influence the economy, control inflation and other policies and regulations have often involved, among other measures, price and salary controls, currency devaluations, exchange controls and limits on imports and the freezing of bank accounts. Our business, financial condition and results of operations may be adversely affected by changes in government policies or regulations related to public charges and control over the foreign exchange rate, whether they are implemented at the federal, state or municipal level, as well as by other factors, such as:

- exchange rates and exchange control policies;
- inflation rates;
- interest rates;
- liquidity of domestic capital and credit markets;
- tax policies;
- price, social and political instability;
- changes in labor laws;
- changes in the tax regime, including charges applicable to specific industry sectors; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters are located in Portland, Oregon, in 19,000 square feet of office space that we lease under a contract that expires in 2019. Our primary operations are located in facilities in Central Point, Medford and McMinnville, Oregon. In Central Point, we own two facilities within approximately four miles: an 88,500 square foot factory on an eight-acre site, which houses operations

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and general offices, and a 50,000 square foot warehouse on a 40-acre site. In McMinnville, Oregon, we lease a building that includes a 28,000 square foot hangar and 17,000 square feet of office space.

Additionally, we own a 56,000 square foot facility in Medford, Oregon that includes a hangar, operations and office space. We lease additional office and hangar space for our foreign operations.

In their current configuration, our facilities can support all of our current operations and the remanufacture of up to four aircraft per year.

Following is a summary of our principal properties as of December 31, 2014:

Location	Primary Function(s)	No. of Facilities	Owned or Leased
Central Point, Oregon	Warehouse and general operations facility	2	Owned
Medford, Oregon	Hangar, MRO facility and office space	1	Owned
Portland, Oregon	Corporate headquarters	1	Leased
McMinnville, Oregon	Hangar and office space	1	Leased
British Columbia, Canada	Aircrane services	1	Leased
Lucca, Italy	Aircrane services	1	Leased
Anchorage, Alaska	Hangar	1	Leased
Carauari, Brazil	Hangar	1	Owned
Rio de Janeiro, Brazil	Office space	1	Leased

We believe our principal properties include facilities suitable and adequate for their intended purposes and we believe our existing properties will meet our operational needs for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

Fortis Matter

A complaint was served on EHI in August 2012, by the plaintiff, Fortis Lease Deutschland GmbH, in the Regional Court, 7th Chamber for Commercial Matters, Cologne, Germany. The plaintiff claims approximately €0.8 million (\$1.0 million) in damages for the payment of VAT levied on the purchase price relating to EHI's purchase of two helicopters from the plaintiff in 2011. The complaint lodged by plaintiff resulted in a default judgment against EHI in February 2013. In a brief filed with the court in May 2013, EHI objected to the default judgment, arguing that the sale of the two helicopters was tax exempt as they both were exported to a third country outside the European Union. In May 2014, we paid €40,000 (approximately \$55,000) in full and final settlement of this matter.

Arizona Environmental Matter

In August 2012, EHI received a request for information from the State of Arizona regarding the Broadway-Pantano Site in Tucson, Arizona, which is comprised of two landfills at which the State of Arizona has been conducting soil and groundwater investigations and cleanups. In addition, EHI has been served with various petitions to perpetuate testimony regarding the State of Arizona's investigation into contamination at the site. According to these documents, the State has identified approximately 101 parties that are potentially responsible for the contamination. Based on the information request and the petition to perpetuate testimony, it is possible that the State or other liable parties may assert that EHI is liable for the alleged contamination at the site. There were no material developments with respect to this matter in 2013 or 2014. At this time, we are not able to determine the likelihood of any outcome in this matter, nor are we able to estimate the amount or range of loss or the impact on its financial condition in the event of an unfavorable outcome.

World Fuel Claim

In December 2013, World Fuel, a former fuel supplier of EIA and Evergreen Airlines (“EA”), filed suit against EIA, EA and other named parties claiming approximately \$9.0 million of accounts payable due and owing to World Fuel for fuel purchases made by EIA and EA. EHI was a named party in the lawsuit since it was alleged that EHI signed a joint and several guaranty of payment in favor of World Fuel in 2012. In April 2014, we filed an answer, which included certain counterclaims against World

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Fuel and certain cross claims against Mr. Delford Smith. At this time, we are not able to determine the likelihood of any outcome in this matter, nor are we able to estimate the amount or range of loss or the impact on its financial condition in the event of an unfavorable outcome.

Stockholder Action

In August 2013, a putative stockholder of ours filed a class and derivative action in the Court of Chancery for the State of Delaware against us, the members of our board of directors, EAC Acquisition Corp., and entities affiliated with ZM Equity Partners, LLC and certain of their affiliates. The plaintiff asserted claims for breach of fiduciary duty and unjust enrichment in connection with the EHI acquisition and requested an award of unspecified monetary damages our stockholders and to the us, disgorgement and restitution, certain other equitable relief, and an award of plaintiff's costs and disbursements, including legal fees. In October 2013, the defendants moved to dismiss the plaintiff's complaint on the ground that all of the plaintiff's claims in reality were derivative in nature and that the plaintiff had failed to allege facts sufficient to excuse pre-suit demand. In December 2013, rather than oppose the motion to dismiss, the plaintiff chose to file an amended complaint. In January 2014, the defendants again moved to dismiss the plaintiff's amended complaint on the same grounds. In April 2014, the Court denied the defendants' motion, holding that one aspect of the plaintiff's claim was direct and that, in any event, the plaintiff had pled facts sufficient to excuse pre-suit demand. Discovery in this matter is ongoing. Although we are unable to predict the final outcome of the proceeding, we believe the allegations lack merit, intend to vigorously defend against them, and believe that the final results will not have a material effect on our consolidated financial position, results of operations, or cash flows.

In addition to the foregoing litigation, we are subject to ongoing litigation and claims as part of our normal business operations. We do not expect that any of these claims will have a material adverse effect on our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.MARKET INFORMATION AND HOLDERS

Our common stock began trading on the NASDAQ Global Market under the symbol "EAC" following our initial public offering in April 2012. Before then, there was no public market for our common stock. As of February 18, 2015, there were 8 holders of record of our common stock. A substantially greater number of holders of our stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers, and other financial institutions. The following table sets forth, for the periods indicated, the high and low sales prices of our common stock as reported on the NASDAQ Global Market:

2014	High	Low
Quarter ended December 31	\$ 15.25	\$ 7.88
Quarter ended September 30	\$ 19.25	\$ 11.32
Quarter ended June 30	\$ 19.49	\$ 14.27
Quarter ended March 31	\$ 21.94	\$ 18.02
2013	High	Low
Quarter ended December 31	\$ 21.85	\$ 14.77
Quarter ended September 30	\$ 21.89	\$ 14.10
Quarter ended June 30	\$ 29.42	\$ 16.35
Quarter ended March 31	\$ 16.52	\$ 8.45
2012	High	Low
Quarter ended December 31	\$ 8.44	\$ 6.90

Quarter ended September 30	\$7.71	\$5.35
Quarter ended June 30 ⁽¹⁾	\$8.50	\$6.32

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(1) These prices represent the period from April 10, 2012, the date on which our common stock began trading on the NASDAQ Global Market, through June 30, 2012.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return on our common stock from April 10, 2012 (the date of our initial public offering) to December 31, 2014, with the cumulative total returns of the NASDAQ Composite Index, S&P 500 Index and S&P Aerospace and Defense Index over the same period. The comparison assumes \$100 was invested in shares of our common stock on April 10, 2012. The historical stock price performance shown on this graph is not necessarily indicative of future performance.

(1) \$100 invested on April 10, 2012 in stock or March 31, 2012 in index, including reinvestment of dividends. Fiscal year ending December 31.

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.

ITEM 6. SELECTED FINANCIAL 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, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 from our audited consolidated financial statements and notes thereto, which are included elsewhere in this Form 10-K. We derived our summary consolidated financial and other data as of December 31, 2012, 2011 and 2010 and for the years ended December 31, 2011 and 2010 from our audited consolidated financial statements which are not included in this Form 10-K.

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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 consolidated 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 Form 10-K and the sections of this Form 10-K entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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(Dollars in thousands, except share and per share amounts)	Year Ended December 31, 2014	Year Ended December 31, 2013 ⁽¹⁾	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Consolidated Statements of Comprehensive Income (Loss) Data:					
Net revenues:					
Government	\$247,981	\$221,581	\$105,858	\$97,165	\$74,151
Commercial	98,628	96,640	74,966	55,604	44,089
Total Revenues	346,609	318,221	180,824	152,769	118,240
Cost of revenues:					
Government	86,172	75,432	41,222	33,470	25,957
Commercial	43,246	43,099	32,062	31,275	28,073
Non-allocated	134,027	103,577	46,121	42,551	34,974
Total cost of revenues	263,445	222,108	119,405	107,296	89,004
Gross profit	83,164	96,113	61,419	45,473	29,236
Operating expenses:					
General and administrative	26,494	37,366	17,232	13,023	14,105
Research and development	3,782	4,000	4,683	4,827	6,400
Selling and marketing	9,286	7,755	6,071	9,940	6,987
Restructuring charges	—	—	—	1,084	—
Impairment of goodwill	21,272	—	—	—	—
Total operating expenses	60,834	49,121	27,986	28,874	27,492
Operating income	22,330	46,992	33,433	16,599	1,744
Other income (expense):					
Interest expense, net	(35,800)	(25,175)	(6,990)	(9,150)	(4,865)
Loss on early extinguishment of debt	—	(215)	—	—	(2,265)
Other income (expense), net ⁽²⁾	(1,193)	(5,616)	(594)	3,885	(6,193)
Total other income (expense)	(36,993)	(31,006)	(7,584)	(5,265)	(13,323)
Net income (loss) before taxes and noncontrolling interest	(14,663)	15,986	25,849	11,334	(11,579)
Income tax expense (benefit) ⁽³⁾	(4,432)	6,120	10,213	(4,926)	(3,544)
Net income (loss)	(10,231)	9,866	15,636	16,260	(8,035)
Less: Net income related to noncontrolling interest	(61)	(209)	(406)	(390)	(216)
Net income (loss) attributable to Erickson Incorporated	(10,292)	9,657	15,230	15,870	(8,251)
Dividends on Redeemable Preferred Stock ⁽⁴⁾	—	—	2,795	9,151	7,925
Net income (loss) attributable to common stockholders	\$(10,292)	\$9,657	\$12,435	\$6,719	\$(16,176)
Net income (loss)	\$(10,231)	\$9,866	\$15,636	\$16,260	\$(8,035)
Other comprehensive income (loss):					
Foreign currency translation adjustment	(2,658)	(107)	136	(402)	45
Comprehensive income (loss)	\$(12,889)	\$9,759	\$15,772	\$15,858	\$(7,990)
Earnings (loss) per share attributable to common stockholders					
Basic	\$(0.75)	\$0.86	\$1.78	\$6,718.57	\$(16,176.47)
Diluted	\$(0.75)	\$0.82	\$1.78	\$6,718.57	\$(16,176.47)
Weighted average shares outstanding					
Basic	13,800,494	11,221,005	6,981,027	1,000	1,000
Diluted	13,800,494	11,834,506	6,981,027	1,000	1,000

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(Dollars in thousands)	As of December 31, 2014	As of December 31, 2013 ⁽¹⁾	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010	
Consolidated Balance Sheet Data:						
Cash and cash equivalents	\$5,097	\$1,881	\$1,468	\$268	\$1,928	
Aircraft, aircraft support parts, net, and property, plant and equipment, net	386,449	363,257	214,389	185,916	156,098	
Working capital ⁽⁵⁾	16,480	7,072	(65,508	) 5,560	(12,655)
Total assets	705,521	727,305	256,823	233,911	203,703	
Total debt ⁽⁶⁾	461,234	439,246	97,876	130,570	93,894	
Series A Redeemable Preferred Stock ⁽⁷⁾	—	—	—	66,161	57,010	
Stockholders' equity:						
Common stock	1	1	1	1	1	
Total stockholders' equity	181,013	192,907	105,368	(9,145)	(15,598)	
(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013 ⁽¹⁾	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	
Consolidated Statement of Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	\$13,984	\$(24,792)	\$28,158	\$(20,723)	\$(8,430)	
Investing activities	(30,120)	(282,935)	(21,492)	(13,083)	(5,017)	
Financing activities	21,494	307,888	(5,446)	32,759	11,057	
(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013 ⁽¹⁾	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	
Other Financial Data:						
Gross margin %	24.0	% 30.2	% 34.0	% 29.8	% 24.7	%
Operating margin %	6.4	% 14.8	% 18.5	% 10.9	% 1.5	%
EBITDA ⁽⁸⁾	\$58,412	\$76,347	\$55,268	\$45,283	\$6,130	
Adjusted EBITDA ⁽⁹⁾	\$83,753	\$90,881	\$56,913	\$42,083	\$19,471	
Adjusted EBITDAR ⁽¹⁰⁾	\$103,951	\$104,886	\$56,913	\$42,083	\$19,471	

(1) Data as of and for the year ended December 31, 2013 includes the results of operations of acquired entities EHI and Air Amazonia from the acquisition dates of May 2, 2013 and September 3, 2013, respectively, forward.

(2) Other income (expense) for the year ended December 31, 2010 includes \$10.0 million in litigation settlement expenses and a net gain related to an aircraft accident in Malaysia of \$6.3 million, after accounting for insurance proceeds; for the year ended December 31, 2011 includes \$2.7 million of recognized income associated with the reversal of interest expense from a tax settlement; for the year ended December 31, 2012 includes \$0.8 million related to the removal of the Canadian Revenue Authority (“CRA”) reserve that was included as an expense in 2010; and for the year ended December 31, 2013 includes a \$3.4 million loss on the sale of a note receivable from EIA.

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

(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 were reclassified into 4,802,970 shares of a single class of common stock in conjunction with our initial public offering.

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Working capital is calculated as our current assets less our current liabilities. Working capital for the year ended (5) December 31, 2012 includes \$71.2 million of debt outstanding under our credit agreement classified as current debt due to the maturity date of our credit agreement of June 24, 2013.

Debt is comprised of amounts drawn under our revolving credit facility, our term loan, and our unsecured (6) subordinated promissory notes. In June 2010, we replaced our former revolving credit facility and our former term loan with a new credit facility. As a result of the refinancing, we expensed \$2.3 million, including the unamortized portion of the previously deferred financing costs and early termination fees.

(7) Represents Series A Redeemable Preferred Stock which was converted to common stock in conjunction with our initial public offering.

We define EBITDA as net income (loss) before interest expense, net, provision for (benefit from) income taxes, and depreciation and amortization. We include the amortization of overhaul costs as an add-back to EBITDA. We (8) believe that such adjustments to arrive at EBITDA are common industry practice amongst our peers and we believe this provides us with a more comparable measure for managing our business. We also believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

We use an adjusted EBITDA to monitor compliance with various financial covenants under our credit agreement. Adjusted EBITDA means, as defined by our Revolving Credit Facility agreement, with respect to any fiscal period, our EBITDA, adjusted for, without duplication, the sum of the following amounts for such period to the extent included in determining consolidated net earnings (or loss) for such period: (i) extraordinary gains, (ii) non-cash items increasing consolidated net earnings for such period, excluding any items representing the impact of purchase accounting or the reversal of any accrual of, or cash reserve for, anticipated changes in any period, (iii) non-cash extraordinary losses, (iv) any other non-cash charges reducing consolidated net earnings for such period, excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period or amortization of a prepaid cash expense that was paid in a prior period, (v) to the extent not capitalized, (A) non-recurring expenses, fees, costs and charges incurred and funded prior to, on or within nine months after the closing date in connection with the Revolving Credit Facility and the EHI acquisition; and (B) expenses incurred (9) and funded prior to, on, or within two years of the closing date in connection with the termination of the lease for the location of the chief executive office of EHI as of the closing date; and (vi) transaction-related expenditures incurred and funded prior to, on or within nine months of the date of consummation of (A) the HRT acquisition, (B) any permitted acquisition under the Revolving Credit Facility, or (C) any investment that is permitted pursuant to the Revolving Credit Facility, in the case of each of (A), (B), and (C), that arise out of cash charges related to deferred stock compensation, management bonuses, strategic market reviews, restructuring, retention bonuses, consolidation, severance or discontinuance of any portion of operations, termination of the lease for the headquarters of EHI, employees or management of the target of such permitted acquisition, accrued vacation payments and working notices payments and other non-cash accounting adjustments. We have further adjusted EBITDA for continued acquisition and integration costs beyond the nine months defined by our Revolving Credit Facility agreement and the restructuring costs associated with exiting the Malaysian timber harvesting market and right-sizing of our business in Brazil.

(10) Adjusted EBITDAR is determined by adding aircraft lease expense to Adjusted EBITDA. We present Adjusted EBITDAR because we believe this provides us with a more comparable measure for managing our business.

EBITDA, Adjusted EBITDA and Adjusted EBITDAR are supplemental measures of our performance that are not required by or presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA and Adjusted EBITDAR are not measurements of our financial performance under U.S. GAAP and should not be considered as alternatives to revenue, net income (loss), cash flow, or any other performance measure derived in accordance with U.S. GAAP. Our

presentation of EBITDA, Adjusted EBITDA and Adjusted EBITDAR may not be comparable to similarly titled measures of other companies. A reconciliation of net income (loss) to EBITDA, Adjusted EBITDA and Adjusted EBITDAR is provided below.

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(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
EBITDA, Adjusted EBITDA and Adjusted EBITDAR Reconciliation:					
Net income (loss) attributable to Erickson Incorporated	\$(10,292)	\$9,657	\$15,230	\$15,870	\$(8,251)
Interest expense, net	35,800	25,175	6,990	9,150	4,865
Tax expense (benefit)	(4,432)	6,120	10,213	(4,926)	(3,544)
Depreciation and amortization	34,903	33,328	21,661	24,314	12,357
Amortization of debt issuance costs	2,433	2,067	1,174	875	703
EBITDA	\$58,412	\$76,347	\$55,268	\$45,283	\$6,130
Acquisition and integration related expenses	1,687	10,383	—	—	—
Non-cash unrealized mark-to-market foreign exchange gains (losses)	387	(309)	322	(1,819)	905
Non-cash charges from awards to employees of equity interests	861	792	2,118	—	—
Management fees ⁽¹⁾	—	—	—	—	165
Loss on early extinguishment of debt	—	215	—	—	2,265
Interest related to tax contingencies	10	13	—	(2,745)	495
Litigation expense	—	—	—	1,390	2,000
Legal settlements	—	—	—	—	11,600
Non-cash goodwill impairment loss	21,272	—	—	—	—
Restructuring costs	1,482	—	—	—	—
Other non-cash gains, net ⁽²⁾⁽⁴⁾	(358)	(1)	(795)	(26)	(4,089)
Loss on sale of EIA note ⁽⁵⁾	—	3,441	—	—	—
Adjusted EBITDA ⁽³⁾	\$83,753	\$90,881	\$56,913	\$42,083	\$19,471
Aircraft lease expenses	20,198	14,005	—	—	—
Adjusted EBITDAR	\$103,951	\$104,886	\$56,913	\$42,083	\$19,471

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

(2) 2010 amount includes a \$4.2 million net adjustment related to an Airplane accident in 2010.

As part of the amendments to our credit agreement on June 30, 2011, the \$10.0 million in unsecured subordinated (3) promissory notes are included, with limitation, as an addition to Adjusted EBITDA in 2010. Such amounts have been excluded from this table for presentation purposes.

(4) 2012 amount includes \$0.8 million related to the removal of the CRA reserve that was included as an add back for the fourth quarter 2010 expenses.

While the sale of the EIA note is not included in the definition of Adjusted EBITDA and Adjusted EBITDAR as (5) described above, we believe this amount should be added to the calculation for EBITDA, Adjusted EBITDA, and Adjusted EBITDAR to provide us with a more comparable measure for managing our business.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our business and operations. The following discussion and analysis should be

read together with the selected consolidated financial data and our consolidated financial statements and notes thereto set forth in this annual report on Form 10-K. Certain statements contained in this discussion may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those reflected in any forward-looking statements, as discussed more fully in Part I, “Item 1A. Risk Factors.”

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This overview summarizes the MD&A, which includes the following sections:

Year in Review - highlights from 2014 outlining some of the major events that happened during the year, how they affected our financial performance and how our aircraft fleet has changed over the year.

Overview of the Business - a review of our business and our business operating segments.

Trends and Uncertainties Affecting our Business - some of the known trends, demands, events, and uncertainties that had material effects on the results of operations for the three years presented in our consolidated financial statements or are reasonably likely to have material effects in the future.

Results of Operations - an in-depth analysis of the results of our operations for the three years presented in our consolidated financial statements. We believe this analysis will help the reader better understand our consolidated statements of comprehensive income. Financial and statistical data is also included here. This section includes forward-looking statements regarding our view of 2015.

Liquidity and Capital Resources - an analysis of cash flows and sources and uses of cash, including some of the known trends, demands, events, and uncertainties that will or are reasonably likely to have a material impact on our liquidity and capital resources.

Contractual Obligations and Off-balance Sheet Arrangements - an overview of contractual obligations and off-balance-sheet arrangements outstanding as of December 31, 2014, including our expected contractual obligations payment schedule.

Critical Accounting Policies and Estimates - critical accounting policies and estimates that we believe are most important to understanding the assumptions and judgments incorporated in our reported financial results and forecasts.

YEAR IN REVIEW

Accomplishments in 2014 and Recent Highlights

In March 2014, we signed a four-year contract with Hunt Oil Exploration and Production Company of Peru, L.L.C. Sucursal de Peru (“Hunt Oil”), under which we will provide one S-64 Airplane and one Bell 214ST for year-round use.

In June 2014, we completed a sale-leaseback transaction, under which we sold an S-64 Airplane for a total purchase price of \$24.7 million.

In September 2014, we signed a five-year contract with the City of Los Angeles for the provision of aerial firefighting services.

In September 2014, we were awarded an option period extension with the United States Navy’s Military Sealift Command for the provision of aerial transport services for the Pacific Fleet.

In October 2014, we signed a two-year contract with Agip Oil Ecuador, a subsidiary of Eni SpA, under which it will provide one S-64 Airplane and one Bell 214ST medium lift helicopter for use in oil exploration in Ecuador.

In January 2015, we entered into a new, two-year agreement with PetroRio (formerly HRT), our first near-shore platform support contract.

In February 2015, we entered into an exclusive MRO relationship with Bell Helicopter, a division of Textron, Inc. (NYSE:TXT), to provide parts and maintenance support for approximately 50 aircraft in the globally deployed fleet of Bell 214-ST and 214-B helicopters.

In February 2015 we received a production certificate from the FAA to manufacture engine parts for the Pratt & Whitney JT12 and JFTD12 engines. This certificate establishes the Company as the OEM for these engines and allows us to manufacture and sell engine parts to external customers.

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We experienced no aircraft accidents, maintained our SHARP certification, and maintained zero findings on all FAA certificates.

As of January 1, 2015, we reorganized into four business units aligned by end market: Government Aviation Services, Commercial Aviation Services, Oil & Gas Aviation Services and Manufacturing & MRO. This reorganization enables operational streamlining, enhanced competitiveness and accountability throughout the organization.

On March 3, 2015, Udo Rieder informed the board of directors that he will retire from his positions as President and Chief Executive Officer of the Company and as a member of the board of directors, effective March 31, 2015. The board of directors has appointed Jeffrey Roberts, 54, as the Company's President and Chief Executive Officer, effective April 1, 2015.

Financial Highlights – 2014 Compared to 2013

Our revenue for 2014 was \$346.6 million, or \$28.4 million higher than 2013. This 8.9% increase was primarily driven by acquisitions of EHI and Air Amazonia. Operating income was \$22.3 million, a decrease of \$24.7 million as compared to \$47.0 million income in 2013. Net loss attributable to Erickson for the year ended December 31, 2014 was \$10.3 million, as compared to income of \$9.7 million in 2013, a decrease of \$19.9 million. Adjusted EBITDA for 2014 decreased 7.8% to \$83.8 million as compared to \$90.9 million in the prior year and 2014 adjusted EBITDAR decreased 0.9% to \$104.0 million as compared to \$104.9 million in the prior year. See “Non-GAAP Financial Measures” for a reconciliation of adjusted EBITDA and adjusted EBITDAR to their most directly comparable GAAP financial measures.

Our heavy lift fleet utilization (calculated as the number of days on contract as a percentage of total available days) was 62.7% in 2014 compared to 66.5% in 2013. Our medium and light rotary wing fleet utilization was relatively consistent at 45.5% in 2014 compared to 46.0% for 2013. Our fixed-wing fleet utilization was 33% for 2014 compared to 50% for 2013.

Aircraft Fleet

As of December 31, 2014, we owned a fleet of 19 heavy lift helicopters, comprised of 13 S-64E and six S-64F model Aircranes, and 35 medium and light lift aircraft of varying model types, comprised of 28 rotor wing aircraft and seven fixed-wing aircraft. As of December 31, 2014, we leased a fleet of one heavy lift, 31 medium and light lift aircraft of varying types, comprised of 26 rotary wing aircraft and five fixed-wing aircraft. Our fleet operations span the globe with a presence on six continents. As of December 31, 2014, 21 of the owned aircraft and 20 of the leased aircraft were deployed outside of North America.

As of December 31, 2014, we operated a fleet of 86 Aircraft, 62 of which were providing aerial services for our customers during the year. Aircraft fleet size and utilization are major drivers of our revenues. Throughout the course of any year we may remove aircraft from service for maintenance or for sale, or add aircraft to the fleet through our own production or through a purchase or lease. Of the total aircraft in our fleet as of December 31, 2014, 20 were Aircranes, none of which are in the process of heavy maintenance. As of December 31, 2014 there was one aircraft being remanufactured with an expected completion date in the second quarter of 2016. As of December 31, 2014, a total of 71 out of our 86 aircraft were air-worthy and available to be on contract with customers.

The following table presents the changes in aircraft employed in our fleet as of December 31, 2012, 2013, and 2014:

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	Aircraft	Total Aircraft Employed
Aircraft in our fleet as of December 31, 2012		21
Aircraft transferred from inventory	2	
Aircraft removed from fleet for maintenance	(1)	
Aircraft purchased as part of the EHI acquisition	28	
Aircraft purchased as part of the Air Amazonia acquisition	6	
Aircraft leased as part of the EHI acquisition	35	
Aircraft leased subsequent to the EHI acquisition	1	
Aircraft returned to the lessor during the period	(2)	
Aircraft in our fleet as December 31, 2013		90
Aircraft purchased	2	
Aircraft returned to lessor	(2)	
Aircraft sold	(4)	
Aircraft in our fleet at December 31, 2014		86

The following table presents the type and model of the aircraft portfolio in our fleet as of December 31, 2014:

	Rotor Wing			
	Heavy Lift	Medium Lift	Light Lift	Fixed Wing
Aircraft:				
Erickson S-64F	7			
Erickson S-64E	13			
Eurocopter Puma/Super Puma		15		
Bell 212		7		
Bell 214ST		12		
Bell 412		5		
Sikorsky S-61		2		
Bell 206			5	
Eurocopter AS350/BO105			8	
Lear Jet 35				1
CASA 212				6
Beechcraft 1900D				5
	20	41	13	12

OVERVIEW OF THE BUSINESS

We are a leading global provider of aviation services to a worldwide mix of Commercial and Government customers. As of December 31, 2014 we operated a diverse fleet of 86 rotary-wing and fixed-wing aircraft, including a fleet of 20 heavy-lift S-64 Aircranes. Our fleet supports a variety of Government and Commercial customers, across a broad range of aerial services, including critical supply and logistics for deployed military forces, humanitarian relief, firefighting, timber harvesting, infrastructure construction, and crewing. We also maintain a vertically-integrated manufacturing capability for the Aircrane, related components, and other aftermarket support and maintenance, repair, and overhaul services for the Aircrane and other aircraft. We typically lease our aircraft to customers for specific missions, with customers generally paying for the aircraft, maintenance, and crewing services, and in some cases, fuel expense. Within our fleet we have 20 Aircranes, versatile and powerful heavy-lift helicopters that we manufacture in-house. The Aircrane has two models, the S-64E and the S-64F, and our fleet of 20 contains 13 and 7 of each model respectively, making us the largest operator of Aircranes in the world. The Aircrane has a lift capacity of up to 25,000 pounds and is the only commercial aircraft built specifically as a flying crane, without a fuselage for internal loads. It is also unique in that it is 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.

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We own the Type and Production Certificates for the Airplane, granting us exclusive design, manufacturing and related rights for the aircraft and OEM components. During the third quarter of 2013, we purchased the Type Certificate for engines used in the Airplane as well as other aircraft. We also invest in new technologies and proprietary solutions with a goal of increasing our market share and entering new markets. We have remanufactured 36 Airplanes for our own fleet and for our customers in several countries worldwide. To date, we have sold and delivered nine Airplanes. We also offer CPH contracts pursuant to which we provide components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. We believe CPH contracts help our customers better predict and manage their maintenance costs.

During the year ended December 31, 2014, 29.8% of our net revenues were generated in the United States and 70.2% were generated outside of the United States.

Prior to our acquisition of EHI, our reportable operating segments were Aerial Services, which consisted of firefighting, timber harvesting, infrastructure construction, and crewing, and Manufacturing/MRO, which consisted of aftermarket support and maintenance, repair, and overhaul services for the Airplane and other aircraft and the remanufacture of Airplanes and related components. Following our acquisition of EHI, we established new reportable operating segments to assess performance by type of customer, Government and Commercial. We used these segments through the year ended December 31, 2014. Our Government segment was comprised primarily of contracts with various governmental authorities who used our services for firefighting, defense and security, transportation and other government related activities. Our Commercial segment was comprised primarily of timber harvesting, infrastructure construction, and manufacturing/ MRO contracts. On January 1, 2015, as a result of an organizational restructuring, we established new reportable operating segments to assess performance by type of customer and end market: Government Aviation Services, Commercial Aviation Services, Oil & Gas Aviation Services and Manufacturing & MRO, which we will be using for reporting period ending after January 1, 2015.

Sales and Marketing

To maintain and strengthen our position in the aerial services market, we monitor revenue flight hours by our operating segments and their underlying lines of business, aggregate revenues, and backlog revenues for our Government segment by firefighting, defense and security, transport and other government-related activities and our Commercial segment for timber harvesting and infrastructure construction, and compare these against budgeted and forecasted targets to measure performance. We monitor our sales pipeline for each of these services, and maintain a master fleet schedule and attempt to maximize aircraft utilization and revenues by minimizing our aircraft idle time, or "white space".

Contained in our Commercial segment is our Manufacturing / MRO line of business. In an effort to continue to build and develop our Manufacturing / MRO business, we focus on the number of bids and win-rate associated with bids for MRO and component manufacturing opportunities. We compare revenues against budgeted and forecasted targets to measure performance.

Operations and Safety

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

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

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

Financial and Overall Performance Measures

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We measure overall business performance according to seven critical metrics: Revenue growth, EBITDA, Adjusted EBITDA, Adjusted EBITDAR, net income, earnings per share and free cash flow.

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

We annually update a long-term strategic plan encompassing expected results of operations and key growth opportunities.

Our Operating Revenue

Government. Our Government revenue is derived primarily from contracts with various governments who use our services for firefighting, defense and security, and transportation and other government-related activities. Many of our contracts for Government services are multi-year, and provide the majority of our current revenue backlog.

Firefighting. 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.

Defense and Security. 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, but the majority of our defense and security related work is performed outside of the U.S.

Transportation and Other Government-Related Activities. This line of service captures several types of government services including transportation of items for various government entities that are not defense or security related, crewing and/or CPH for government customers, as well as other government-related services. Crewing services are typically for customers who have purchased an Airplane but lack trained or certified operating personnel related to the Airplane. We offer pilots and field maintenance crews under our crewing services. For government customers who desire better predictability and stability in their aircraft operating costs, we offer CPH contracts in which we provide major components and rotatable parts at a fixed cost per flight hour.

Commercial. Our Commercial revenue is derived primarily from timber harvesting, infrastructure construction, and Manufacturing/ MRO.

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

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

Manufacturing / MRO. We have an ongoing revenue stream from customers who own or operate either Airplanes or the military version CH-54s and require parts support for their helicopters. Further, we provide services to customers who own or operate Airplanes, CH-54s, or other aircraft and need their aircraft components repaired or overhauled by a certified facility. We are also pursuing aftermarket opportunities to manufacture and sell parts or provide maintenance, repair, or overhaul for other aircraft components.

In our Central Point, Oregon facility we have the capability to remanufacture Aircranes on existing S-64 and CH-54 airframes for either resale or to induct into our fleet, and this remains a core business competency. Customers who identify a year-round or otherwise critical application for an Aircrane may find it advantageous to own an Aircrane rather than lease our fleet's services. We have sold nine Aircranes since 2002, and subsequently re-purchased one of these Aircranes in 2012. While we continue to pursue Aircrane sales and will make sales strategically when opportunities arise, we do not rely on Aircrane sales as an essential part of our business planning.

Our Operating Expenses

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

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

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

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

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

TRENDS AND UNCERTAINTIES AFFECTING OUR BUSINESS

Afghanistan and Other DoD Contracts. The United States government has announced plans to reduce its military activities in Afghanistan in 2014 and beyond, although the exact timing and number of troops to be withdrawn is not entirely understood at this time. This reduction has had and will likely continue to have a negative impact on our overall Government revenue. As a result of the already reduced level of flight activity in the Afghanistan region, we have seen increased pressure from our competitors in connection with new DoD contracts in other regions of the world where we operate, which we believe may negatively impact our pricing with respect to some of the new DoD contracts on which we bid. In addition, our end-customer in the Philippines has indicated that certain portions or all of the contracted work in that region will be progressively concluding by the middle of 2015. While we do not yet fully understand the magnitude of this reduction in service levels, this uncertainty may have a negative impact on the Government segment of our business. As the number of the aircraft being utilized by our DoD customers changes, we will actively manage our leased aircraft portfolio. If we are not successful, the fixed lease costs may negatively impact our margins.

Effect of 2007 Acquisition. We were acquired on September 27, 2007, in which the buyers acquired 100% of our outstanding common stock for \$93.1 million, which amount included direct acquisition costs of \$3.4 million. The acquisition was accounted for as a purchase in accordance with the Financial Accounting Standard Board's ("FASB") ASC No. 805, Business Combinations. As a result, we allocated the purchase price to the assets acquired and the liabilities assumed at the date of the acquisition based on their estimated fair value as of the closing date. The difference between the aggregate purchase price and the estimated fair value of the assets acquired and liabilities assumed was approximately \$553.7 million. Our management determined that the fair value of the various assets acquired and liabilities assumed was \$646.8 million on the date of acquisition and that, based in part on a valuation provided by an independent third party as required by U.S. GAAP in connection with such determination, the fair value of the 18 Aircranes in our fleet on the date of acquisition was \$317.7 million. The negative goodwill was used to reduce the value of Aircranes and support parts and other property, plant and equipment. As a result of this adjustment, the cost of revenues in each of the successor periods included in this Form 10-K reflects the lower carrying value of our aircraft support parts that we have sold or used in our maintenance, repair, and overhaul operations. The aggregate effect of the purchase accounting adjustment with respect to our inventory was approximately \$39.8 million from the

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date of acquisition through December 31, 2014. Based on our past experience and historical inventory usage patterns, we expect to largely realize the benefit of the approximately \$3.4 million remaining fair value purchase accounting adjustment to aircraft support parts over the next one year as we sell and use our legacy inventory. Our legacy inventory consists of aircraft parts and components purchased over multiple years for which there is no liquid market; therefore, there is no guarantee that we will be able to purchase new inventory at the carrying values of our legacy inventory currently reflected on our balance sheet.

Aircraft Sales. The sale of an aircraft to an existing or potential aerial services customer may reduce future aerial services revenues we may have received for services provided to such customers or other third parties. We would expect to maintain our level of operations through more efficient scheduling of our remaining fleet or by remanufacturing additional Aircranes to add to our fleet or leasing or acquiring aircraft. However, we may not always have the ability to maintain our desired level of aerial services operations with a reduced fleet, which could reduce our ability to generate aerial services revenues.

We expect to recognize revenue for our long-term construction contracts for aircraft builds in the future using the percentage of completion method, when all required criteria are met. Revenue on contracts using the percentage of completion method is based on estimates, including estimated labor hours. Because the percentage of completion method requires management estimates of aggregate contract costs, changes in estimates between periods could affect our anticipated earnings.

We have expanded our aircraft sales business to include the sale of other types of aircraft to various customers through the addition of our Erickson Trade group. The Erickson Trade group is focused on selling both aircraft and inventory held by the company as well as aircraft and inventory acquired for sale. During 2014, the Erickson Trade group completed sales of four aircraft.

Costs Associated with our Financing Arrangements. We are a highly leveraged company and, as a result, have significant debt service obligations. We are subject to financial covenants under our Revolving Credit Facility and 2020 Senior Notes. We were in compliance with our financial covenants at December 31, 2014 and December 31, 2013. Our ability to service our debt and comply with the financial covenants under our Revolving Credit Facility and 2020 Senior Notes is subject to various risks and uncertainties, and among other factors may be adversely affected by any of the following:

• If our business does not perform as expected, including if we generate less than anticipated revenue from our aerial services operations or encounter significant unexpected costs;

• If we fail to timely collect our receivables, including those from our major customers.

Failure to service our debt and comply with our financial covenants could materially and adversely affect our business and financial condition. The senior secured asset-based credit facility under our Revolving Credit Facility matures on May 2, 2018. Our 2020 Senior Notes mature on May 1, 2020.

Greece Receivable. As of December 31, 2014, included within our other non-current assets balance was \$5.4 million (€4.4 million) due from the Hellenic Fire Brigade for final payment of firefighting services performed in 2011. In 2012, the Greek taxing authorities asserted that we had a permanent establishment in Greece for 2011 and 2010, which would require us to file Greek tax returns and pay related taxes. The Hellenic Fire Brigade is withholding payment to us until a resolution is made regarding our permanent establishment status. No formal tax assessments have been made, and we are continuing to pursue various options to settle this dispute. As of December 31, 2014, we recorded an unrecognized tax benefit of \$8.0 million for potential income taxes and included \$2.3 million for penalties that may be due if we are determined to have a permanent establishment within Greece. Payment of tax in this foreign jurisdiction

would result in a foreign tax credit in the United States, which we have included in our deferred assets. For the year ended December 31, 2014 we recognized \$0.7 million for potential penalties associated with the tax liability for Greece.

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

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Fluctuations in our Mix of Services. We derive a majority of our total revenues from our Government segment, which is composed of revenues from firefighting, defense and security, and transport and other government-related activities. The margins we make on these activities vary substantially by contract and may vary from year to year, and the amount of our flight hours dedicated to these activities can also vary from year to year. The margins may also differ between the Government and Commercial segment of our business. For example, in 2014 our Government segment generated average revenues per flight hour for firefighting and defense and security of \$28,888 and \$11,799, respectively, compared to \$24,500 and \$9,425 in 2013. In 2014, our Commercial segment generated average revenues per flight hour for timber harvesting and infrastructure construction of \$6,165, and \$18,801, respectively, compared to \$6,972 and \$17,148 in 2013. Changes in the composition of our flight hours for any reason could impact our total revenues. Many of our contracts, particularly firefighting and defense and security contracts contain a daily standby fee as well as an hourly rate based on flight activity. Changes in the composition of daily standby fees relative to the number of hours flown could impact our total revenues.

Expenses Associated with Expansion. As part of our business strategy, we may acquire businesses or specific assets or engage in other strategic transactions. Such transactions may result in expenses that impact our financial results, including expenses associated with the negotiation and closing of the transaction, funding the transaction, attracting and retaining qualified talent and to finance our expansion, and integrating the business or assets acquired.

Oil and Gas Commodity Prices. With the changes in crude oil prices we may see increased downward pricing pressure from our existing and prospective customers, which we believe may negatively impact our margins as well as limit our ability to obtain future work. While we do not yet fully understand the magnitude, this uncertainty may have a negative impact on the Commercial segment of our business.

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RESULTS OF OPERATIONS

2014 Compared to 2013

The following table presents our consolidated operating results for the year ended December 31, 2014 compared to the year ended December 31, 2013:

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change ⁽²⁾
Net revenues:						
Government	\$247,981	71.5	\$221,581	69.6	\$26,400	11.9
Commercial	98,628	28.5	96,640	30.4	1,988	2.1
Total Revenues	346,609	100.0	318,221	100.0	28,388	8.9
Cost of revenues:						
Government ⁽¹⁾	86,172	34.7	75,432	34.0	10,740	14.2
Commercial ⁽¹⁾	43,246	43.8	43,099	44.6	147	0.3
Non-allocated	134,027	38.7	103,577	32.5	30,450	29.4
Total cost of revenues	263,445	76.0	222,108	69.8	41,337	18.6
Gross profit						
Government ⁽¹⁾	161,809	65.3	146,149	66.0	15,660	10.7
Commercial ⁽¹⁾	55,382	56.2	53,541	55.4	1,841	3.4
Non-allocated	(134,027)	(38.7)	(103,577)	(32.5)	(30,450)	29.4
Total gross profit	83,164	24.0	96,113	30.2	(12,949)	(13.5)
Operating expenses:						
General and administrative	26,494	7.6	37,366	11.7	(10,872)	(29.1)
Research and development	3,782	1.1	4,000	1.3	(218)	(5.5)
Selling and marketing	9,286	2.7	7,755	2.4	1,531	19.7
Impairment of goodwill	21,272	6.1	—	—	21,272	NM
Total Operating expenses	60,834	17.6	49,121	15.4	11,713	23.8
Operating income (loss)	22,330	6.4	46,992	14.8	(24,662)	(52.5)
Other income (expense)						
Interest expense, net	(35,800)	(10.3)	(25,175)	(7.9)	(10,625)	42.2
Loss on early extinguishment of debt	—	—	(215)	(0.1)	215	(100.0)
Other expense, net	(1,193)	(0.3)	(5,616)	(1.8)	4,423	(78.8)
Total other income (expense)	(36,993)	(10.7)	(31,006)	(9.7)	(5,987)	19.3
Net income (loss) before taxes and noncontrolling interest	(14,663)	(4.2)	15,986	5.0	(30,649)	(191.7)
Income tax expense (benefit)	(4,432)	(1.3)	6,120	1.9	(10,552)	(172.4)
Net income (loss)	(10,231)	(3.0)	9,866	3.1	(20,097)	(203.7)
Less: Net income related to noncontrolling interest	(61)	—	(209)	(0.1)	148	(70.8)
Net income (loss) attributable to Erickson Incorporated	\$(10,292)	(3.0)	\$9,657	3.0	\$(19,949)	(206.6)

(1)Percentage of net revenues of segment.

(2)We use the abbreviation “NM” throughout this Form 10-K to refer to changes that are not meaningful.

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Revenues

Consolidated revenues increased by \$28.4 million, or 8.9%, to \$346.6 million in the year ended December 31, 2014 from \$318.2 million in the year ended December 31, 2013. The increase in revenues was attributable to a \$26.4 million increase in Government revenues and a \$2.0 million increase in Commercial revenues compared to 2013.

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change
Net revenues:						
Government	\$247,981	71.5	\$221,581	69.6	\$26,400	11.9
Commercial	98,628	28.5	96,640	30.4	1,988	2.1
Total revenues	\$346,609	100.0	\$318,221	100.0	\$28,388	8.9

Government. Government revenues increased by \$26.4 million, or 11.9%, to \$248.0 million in 2014 from \$221.6 million in 2013. This increase was primarily due to the acquisition of EHI and the introduction of defense and security contracts, coupled with higher firefighting revenues, partially offset by a decrease in transport and other government-related services, due to lower revenues associated with our Italian CPH and crewing customer.

Commercial. Commercial revenues increased \$2.0 million, or 2.1%, to \$98.6 million in 2014 from \$96.6 million in 2013. This increase was primarily due to the increase in infrastructure construction in South America primarily due to the acquisition of Air Amazonia during the third quarter of 2013 and other key South American contracts beginning in 2014, partially offset by lower timber harvesting in Canada and Malaysia, as well as lower infrastructure construction in North America.

The following are our revenues and revenue flight hours by type of service for the year ended December 31, 2014 and 2013:

(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013	Change	% Change
Government revenues:				
Firefighting	\$89,379	\$86,266	\$3,113	3.6
Defense and security	152,422	124,491	27,931	22.4
Transport and other government-related services	6,180	10,824	(4,644)	(42.9)
Total Government revenues	\$247,981	\$221,581	\$26,400	11.9

(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013	Change	% Change
Commercial revenues:				
Timber harvesting	\$22,384	\$34,631	\$(12,247)	(35.4)
Infrastructure construction	60,953	49,301	11,652	23.6
Manufacturing / MRO	12,271	12,708	(437)	(3.4)
Aircraft sales	3,020	—	3,020	NM
Total Commercial revenues	\$98,628	\$96,640	\$1,988	2.1

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	Year Ended December 31, 2014	Year Ended December 31, 2013	Change	% Change	
Government revenue flight hours:					
Firefighting	3,094	3,521	(427	) (12.1)
Defense and security	12,918	13,208	(290	) (2.2)
Transport and other government-related services	319	495	(176	) (35.6)
Total Government flight hours	16,331	17,224	(893	) (5.2)
	Year Ended December 31, 2014	Year Ended December 31, 2013	Change	% Change	
Commercial revenue flight hours:					
Timber harvesting	3,631	4,967	(1,336	) (26.9)
Infrastructure construction	3,242	2,875	367	12.8	
Total Commercial flight hours	6,873	7,842	(969	) (12.4)

Government Revenues

Firefighting revenues increased \$3.1 million, or 3.6%, to \$89.4 million for 2014 from \$86.3 million in 2013. This increase was primarily due to revenues generated from our contract in Turkey which was not in place in 2013, partially offset by a decrease in firefighting activity in Australia and Greece. Firefighting flight hours decreased to 3,094 from 3,521 in 2013, primarily due to lower flight hours in North America of 533 hours, Australia of 220 hours, and Greece of 80 hours, partially offset by 410 flight hours on the new contract in Turkey.

Defense and security revenues increased to \$152.4 million for 2014 from \$124.5 million in 2013 due to a full year of results from EHI in 2014 versus eight months of results in 2013, partially offset by decrease due to the de-scoping of DoD activity in Afghanistan and the loss of contract renewals in Central Africa.

Transport and other government-related activities revenues decreased \$4.6 million, or 42.9%, to \$6.2 million for 2014 from \$10.8 million in 2013. The decrease was primarily due to the decrease in services being performed on our Italian CPH and crewing contract which ended in June 2013.

Commercial Revenues

Timber harvesting revenues decreased \$12.2 million, or 35.4%, to \$22.4 million in 2014 from \$34.6 million in 2013. The decrease in revenues was primarily due to decreased revenues in Malaysia, where we ended our Air crane logging operations in the second quarter of 2014, coupled with decreased revenues in Canada due to weather and a lack of customer demand for a third Air crane. Timber harvesting flight hours decreased 1,336 hours to 3,631 in 2014 from 4,967 in 2013. The decrease in flight hours was primarily due to decreased flight hours in Malaysia of 822, coupled with a decrease in Canada of 399.

Infrastructure construction revenues increased \$11.7 million, or 23.6%, to \$61.0 million in 2014 from \$49.3 million in 2013. The increase in revenues was primarily due to increased revenues in South American oil and gas infrastructure construction of \$18.7 million driven by our acquisition of Air Amazonia and other key South American contracts beginning in 2014, partially offset by a decrease in North American infrastructure construction of \$3.7 million driven by weather and project delays. Infrastructure construction flight hours increased 367 hours to 3,242 in 2014 from 2,875 in 2013. The increase in flight hours was primarily due to increased flight hours in North America of 375.

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Manufacturing / MRO revenues decreased \$0.4 million, or 3.4%, to \$12.3 million in 2014 from \$12.7 million in 2013. The decrease was primarily due to a sale of intellectual property associated with our composite main rotor blade program, which contributed to approximately \$4.0 million of MRO sales in the third quarter of 2013, offset by increases due to the sales associated with the EHI acquisition and sales of S-64 parts to our Italian customer.

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Aircraft sales revenue increased to \$3.0 million in 2014 from zero in 2013, due to four aircraft sales completed by the Erickson Trade group in 2014. During the year the Company sold two light lift, one medium lift, and one fixed wing aircraft.

Cost of Revenues

Consolidated cost of revenues increased by \$41.3 million, or 18.6%, to \$263.4 million for the year ended December 31, 2014 from \$222.1 million for the year ended December 31, 2013. The increase was attributable to an increase in non-allocated costs of \$30.5 million, an increase of \$10.7 million in Government costs and an increase of \$0.1 million in Commercial costs for the year ended December 31, 2014 compared to the same period of 2013.

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change
Cost of revenues:						
Government ⁽¹⁾	\$86,172	34.7	\$75,432	34.0	\$10,740	14.2
Commercial ⁽¹⁾	43,246	43.8	43,099	44.6	147	0.3
Non-allocated	134,027	38.7	103,577	32.5	30,450	29.4
Total cost of revenues	\$263,445	76.0	\$222,108	69.8	\$41,337	18.6

(1)Percent of net revenues of applicable segment

Government Cost of Revenues

Costs of revenues for our Government segment are primarily comprised of venue costs associated with firefighting, defense and security, and transport and other government-related activities. For the year ended December 31, 2014, these costs were \$86.2 million, as compared to \$75.4 million, for the year ended December 31, 2013. The increase of \$10.7 million was primarily due to the addition of the defense and security work associated with the acquisition of EHI, partially offset by decreased costs associated with firefighting. For 2014, cost of revenues were 34.7% of revenues for the segment compared to 34.0% for 2013 primarily due to the addition of EHI, partially offset by decrease in firefighting cost of revenues in Australia and North America and transport and other governmental-related activities primarily related to our Italian crewing customer.

Commercial Cost of Revenues

Costs of revenues for our Commercial segment are primarily comprised of venue costs associated with timber harvesting, infrastructure construction, and MRO / Manufacturing. For the year ended December 31, 2014, these costs were \$43.2 million, as compared to \$43.1 million, for 2013. The increase was primarily due to higher fixed venue costs in infrastructure construction coupled with additional costs associated with aircraft sales for the Erickson Trade group, offset by lower venue costs associated with timber harvesting in Malaysia and Canada due to lower level of activity. For 2014, cost of revenues were 43.8% compared to 44.6% for 2013, or an 80 basis points decrease, primarily due to higher start-up costs in South America coupled with fixed costs in Malaysia.

Non-allocated Cost of Revenues

Non-allocated costs of revenues are primarily comprised of costs that are mostly fixed in nature and are shared costs between the segments. These costs are primarily salaries and benefit costs of our pilots and field mechanics, depreciation and amortization costs related to the aircraft, aircraft lease costs, insurance costs and other similar costs. For 2014, these costs were \$134.0 million, as compared to \$103.6 million for 2013. The increase of \$30.5 million was primarily driven by the increased costs associated with operating the EHI and Air Amazonia fleets for a full year in

2014 as compared to a partial year in 2013. Non-allocated cost of revenue as a percentage of revenues increased by 620 basis points to 38.7% from 32.5%, primarily due to an increase in the aircraft lease costs, field maintenance, cost of pilots, and depreciation, and lower benefit from 2007 fair value purchase price accounting adjustment amortization, partially offset by lower insurance and plant period costs.

Gross Profit

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Consolidated gross profit decreased by \$12.9 million, or 13.5%, to \$83.2 million in the year ended December 31, 2014 from \$96.1 million in the year ended December 31, 2013. An increase in non-allocated costs of \$30.5 million offset a \$15.7 million increase in Government gross profit coupled with an increase in Commercial gross profit of \$1.8 million.

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change
Gross profit:						
Government ⁽¹⁾	\$161,809	65.3	\$146,149	66.0	\$15,660	10.7
Commercial ⁽¹⁾	55,382	56.2	53,541	55.4	1,841	3.4
Non-allocated	(134,027)	(38.7)	(103,577)	(32.5)	(30,450)	29.4
Total gross profit	\$83,164	24.0	\$96,113	30.2	\$(12,949)	(13.5)

(1)Percentage of net revenues of applicable segment

Government. Primarily as a result of the factors discussed above, Government gross profit increased by \$15.7 million, or 10.7%, to \$161.8 million in 2014 from \$146.1 million in 2013. Gross profit margin was 65.3% in 2014 compared to 66.0% in 2013.

Commercial. Primarily as a result of the factors discussed above, Commercial gross profit increased by \$1.8 million, or 3.4%, to \$55.4 million in 2014 from \$53.5 million in 2013. Gross profit margin was 56.2% in 2014 compared to 55.4% in 2013.

Non-allocated. Primarily as a result of the factors discussed above, non-allocated costs were \$134.0 million in 2014 compared to \$103.6 million in 2013.

Operating Expenses

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change
Operating expenses:						
General and administrative	\$26,494	7.6	\$37,366	11.7	\$(10,872)	(29.1)
Research and development	3,782	1.1	4,000	1.3	(218)	(5.5)
Selling and marketing	9,286	2.7	7,755	2.4	1,531	19.7
Impairment of goodwill	21,272	6.1	—	—	21,272	NM
Total operating expenses	60,834	17.6	49,121	15.4	11,713	23.8
Operating income	\$22,330	6.4	\$46,992	14.8	\$(24,662)	(52.5)

Operating expenses increased by \$11.7 million, or 23.8%, to \$60.8 million in 2014 from \$49.1 million in 2013. The increase was primarily due to goodwill impairment associated with EHI partially offset by the decrease in general and administrative costs resulting from lower acquisition and integration costs associated with the additions of EHI and Air Amazonia, as well as lower variable compensation expense in 2014. Selling and marketing costs increased by \$1.5 million primarily related to increased costs associated with pursuing new customers.

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Other Income (Expense)

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change
Other income (expense)						
Interest expense, net	\$ (35,800)	(10.3)	\$ (25,175)	(7.9)	\$ (10,625)	42.2
Loss on early extinguishment of debt	—	—	(215)	(0.1)	215	(100.0)
Other expense, net	(1,193)	(0.3)	(5,616)	(1.8)	4,423	(78.8)
Total other expense	\$ (36,993)	(10.7)	\$ (31,006)	(9.7)	\$ (5,987)	19.3

Total other expense increased by \$6.0 million to \$37.0 million of net expense in 2014 from \$31.0 million of net expense in 2013. Interest expense, net increased by \$10.6 million to \$35.8 million in 2014, from \$25.2 million in 2013, primarily due to an increase in our average outstanding borrowings due to senior credit notes outstanding for the full year in 2014 as compared to 8 months in 2013. Other expense, net decreased by \$4.4 million to \$1.2 million in 2014 from \$5.6 million in 2013 due to the factors described below.

(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013	Change
Other income (expense), net:			
Unrealized foreign exchange gain (loss)	\$ (387)	\$ 309	\$ (696)
Realized foreign exchange gain (loss)	(42)	(172)	130
Amortization of debt issuance costs	(2,433)	(2,067)	(366)
Interest expense related to tax contingencies	(10)	(13)	3
Gain on involuntary conversion	308	—	308
Gain on disposal of equipment	358	1	357
Other income (expense), net	1,013	(3,674)	4,687
Other expense, net	\$ (1,193)	\$ (5,616)	\$ 4,423

Other expense, net decreased by \$4.4 million to \$1.2 million of expense in 2014 from \$5.6 million of expense in 2013. The decrease was primarily due to a decrease in other income (expense), net from \$3.7 million of expense in 2013 to \$1.0 million of other income in 2014, primarily related to the satisfaction of the return to service obligation in the fourth quarter of 2014, as well as the sale of a note receivable from EIA which resulted in a loss of \$3.4 million in 2013. The remaining decrease was related to an increase in gain on disposal of equipment of \$0.4 million, gain on involuntary conversion of \$0.3 million related to an insurance settlement, and decrease in realized foreign exchange gain (loss) of \$0.1 million, partially offset by an increase in unrealized foreign exchange loss of \$0.7 million associated with foreign exchange rate fluctuations for the Australian Dollar and Euro, as well as an increase in amortization of debt issuance costs of \$0.4 million resulting from the addition of the 2020 Senior Notes offering and the new Revolving Credit Facility agreement entered into during 2013.

Income Tax Expense (Benefit)

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change
Net income (loss) before income taxes and noncontrolling interest	\$ (14,663)	(4.2)	\$ 15,986	5.0	\$ (30,649)	(191.7)
Income tax expense (benefit)	(4,432)	(1.3)	6,120	1.9	(10,552)	(172.4)
Net income (loss)	\$ (10,231)	(3.0)	\$ 9,866	3.1	\$ (20,097)	(203.7)

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Income tax expense (benefit) changed by \$10.6 million to a \$4.4 million benefit in the year ended December 31, 2014 as compared to a \$6.1 million expense for the same period of 2013. The change in tax expense was primarily due to a \$30.6 million increase in net losses before income taxes mainly due to a goodwill impairment of \$21.3 million recognized during 2014.

Net Loss Attributable to Erickson Incorporated

(Dollars in thousands)	Year Ended December 31, 2014	% of Revenues	Year Ended December 31, 2013	% of Revenues	Change	% Change
Net income (loss)	\$(10,231)	(3.0)	\$9,866	3.1	\$(20,097)	(203.7)
Less: Net (income) loss related to noncontrolling interest	(61)	—	(209)	(0.1)	148	(70.8)
Net income (loss) attributable to Erickson Incorporated	\$(10,292)	(3.0)	\$9,657	3.0	\$(19,949)	(206.6)

Net income (loss) attributable to Erickson decreased by \$19.9 million to a \$10.3 million loss in the year ended December 31, 2014 from \$9.7 million income in the year ended December 31, 2013, primarily due to the changes in revenues, expenses, and taxes discussed above. As there were no dividends during either the year ended December 31, 2014 or 2013, net loss attributable to common stockholders was also \$10.3 million for the year ended December 31, 2014 and \$9.7 million income for the year ended December 31, 2013.

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2013 Compared to 2012

The following table presents our consolidated operating results for the year ended December 31, 2013 compared to the three months ended December 31, 2012:

(Dollars in thousands)	Year Ended December 31, 2013	% of Revenues	Year Ended December 31, 2012	% of Revenues	Change	% Change ⁽²⁾
Net revenues:						
Government	\$221,581	69.6	\$105,858	58.5	\$115,723	109.3
Commercial	96,640	30.4	74,966	41.5	21,674	28.9
Total Revenues	318,221	100.0	180,824	100.0	137,397	76.0
Cost of revenues:						
Government ⁽¹⁾	75,432	34.0	41,222	38.9	34,210	83.0
Commercial ⁽¹⁾	43,099	44.6	32,062	42.8	11,037	34.4
Non-allocated	103,577	32.5	46,121	25.5	57,456	124.6
Total cost of revenues	222,108	69.8	119,405	66.0	102,703	86.0
Gross profit						
Government ⁽¹⁾	146,149	66.0	64,636	61.1	81,513	126.1
Commercial ⁽¹⁾	53,541	55.4	42,904	57.2	10,637	24.8
Non-allocated	(103,577)	(32.5)	(46,121)	(25.5)	(57,456)	124.6
Total gross profit	96,113	30.2	61,419	34.0	34,694	56.5
Operating expenses:						
General and administrative	37,366	11.7	17,232	9.5	20,134	116.8
Research and development	4,000	1.3	4,683	2.6	(683)	(14.6)
Selling and marketing	7,755	2.4	6,071	3.4	1,684	27.7
Total Operating expenses	49,121	15.4	27,986	15.5	21,135	75.5
Operating income	46,992	14.8	33,433	18.5	13,559	40.6
Other income (expense)						
Interest expense, net	(25,175)	(7.9)	(6,990)	(3.9)	(18,185)	260.2
Other expense, net	(5,831)	(1.8)	(594)	(0.3)	(5,237)	NM
Total other income (expense)	(31,006)	(9.7)	(7,584)	(4.2)	(23,422)	NM
Net income before taxes and noncontrolling interest	15,986	5.0	25,849	14.3	(9,863)	(38.2)
Income tax expense	6,120	1.9	10,213	5.6	(4,093)	(40.1)
Net income	9,866	3.1	15,636	8.6	(5,770)	(36.9)
Less: Net (income) related to noncontrolling interest	(209)	(0.1)	(406)	(0.2)	197	(48.5)
Net income attributable to Erickson Incorporated	9,657	3.0	15,230	8.4	(5,573)	(36.6)
Dividends on Series A Redeemable Preferred Stock	—	—	2,795	1.5	(2,795)	(100.0)
Net income attributable to common stockholders	\$9,657	3.0	% \$12,435	6.9	\$(2,778)	(22.3)

(1) Percentage of net revenues of segment.

(2) We use the abbreviation “NM” throughout this Form 10-K to refer to changes that are not meaningful.

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Revenues

Consolidated revenues increased by \$137.4 million, or 76.0%, to \$318.2 million in 2013 from \$180.8 million in 2012. The increase in revenues was attributable to a \$115.7 million increase in Government revenues and \$21.7 million increase in Commercial revenues compared to 2012.

(Dollars in thousands)	Year Ended December 31, 2013	% of Revenues	Year Ended December 31, 2012	% of Revenues	Change	% Change
Net revenues:						
Government	\$221,581	69.6	\$105,858	58.5	\$115,723	109.3
Commercial	96,640	30.4	74,966	41.5	21,674	28.9
Total revenues	\$318,221	100.0	\$180,824	100.0	\$137,397	76.0

Government. Government revenues increased by \$115.7 million, or 109.3%, to \$221.6 million in 2013 from \$105.9 million in 2012. This increase was primarily due to the acquisition of EHI and the introduction of defense and security contracts, offset by a decrease in transport and other government-related services, primarily due to lower revenues associated with our Italian CPH and crewing customer.

Commercial. Commercial revenues increased \$21.7 million, or 28.9%, to \$96.6 million in 2013 from \$75.0 million in 2012. This increase was primarily due to the increase in infrastructure construction of \$18.1 million, coupled with an increase in timber harvesting of \$2.6 million.

The following are our revenues and revenue flight hours by type of service for 2013 and 2012:

(Dollars in thousands)	Year Ended December 31, 2013	Year Ended December 31, 2012	Change	% Change
Government revenues:				
Firefighting	\$86,266	\$82,211	\$4,055	4.9
Defense and security	124,491	—	124,491	NM
Transport and other government-related services	10,824	23,647	(12,823)	(54.2)
Total Government revenues	\$221,581	\$105,858	\$115,723	109.3
(Dollars in thousands)	Year Ended December 31, 2013	Year Ended December 31, 2012	Change	% Change
Commercial revenues:				
Timber harvesting	\$34,631	\$32,039	\$2,592	8.1
Infrastructure construction	49,301	31,201	18,100	58.0
Manufacturing / MRO	12,708	11,726	982	8.4
Total Commercial revenues	\$96,640	\$74,966	\$21,674	28.9
(Dollars in thousands)	Year Ended December 31, 2013	Year Ended December 31, 2012	Change	% Change
Government revenue flight hours:				
Firefighting	3,521	3,723	(202)	(5.4)
Defense and security	13,208	—	13,208	NM
Transport and other government-related services	495	1,375	(880)	(64.0)
Total Government flight hours	17,224	5,098	12,126	237.9

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	Year Ended December 31, 2013	Year Ended December 31, 2012	Change	% Change
Commercial revenue flight hours:				
Timber harvesting	4,967	4,527	440	9.7
Infrastructure construction	2,875	2,450	425	17.3
Total Commercial flight hours	7,842	6,977	865	12.4

Government Revenues

Firefighting revenues increased \$4.1 million, or 4.9%, to \$86.3 million for 2013 from \$82.2 million in 2012. This increase was primarily due to an increase in the number of days on contract for firefighting services. For our firefighting revenues on a geographic basis, the increase in revenues was primarily related to increases in Australia of \$8.8 million and Turkey of \$1.0 million, partially offset by a decrease in North America of \$3.8 million and Greece of \$1.8 million. Firefighting flight hours decreased to 3,521 from 3,723 in 2012, primarily due to lower flight hours in North America and Europe, partially offset by higher flight hours in Australia.

Defense and security revenues increased \$124.5 million for 2013 from zero in 2012 due to the acquisition of EHI.

Transport and other government-related activities revenues decreased \$12.8 million, or 54.2%, to \$10.8 million for 2013 from \$23.6 million in 2012. The decrease was primarily due to the decrease in services being performed for our largest Italian customer as compared to 2012.

Commercial Revenues

Timber harvesting revenues increased \$2.6 million, or 8.1%, to \$34.6 million from \$32.0 million in 2012. The increase in revenues was primarily due to increased revenues in Canada of \$3.4 million partially offset by a decrease in revenues for our Malaysian customers of \$0.6 million. Timber harvesting flight hours increased 440 hours to 4,967 from 4,527 in 2012. The increase in flight hours was primarily due to increased flight hours in Canada of 582, partially offset by a decrease in flight hours for our Malaysian customers of 106.

Infrastructure construction revenues increased \$18.1 million, or 58.0%, to \$49.3 million from \$31.2 million in 2012. The increase in revenues was primarily due to increased revenues in South America oil and gas infrastructure construction of \$11.3 million coupled with an increase of \$6.8 million in North American construction. Infrastructure construction flight hours increased 602 hours to 2,875 from 2,274 in 2012. The increase in flight hours was primarily due to increased flight hours in North America of 636 hours partially offset by decreased flight hours in South America of 71.

Manufacturing / MRO revenues increased \$1.0 million, or 8.4%, to \$12.7 million from \$11.7 million in 2012. The increase was primarily due to the sale of intellectual property associated with our composite main rotor blade program, partially offset by a decrease in cost per hour revenues associated with our repurchase of the aircraft that was originally sold to San Diego Gas & Electric and its related cost per hour contract during 2012.

Cost of Revenues

Consolidated cost of revenues increased by \$102.7 million, or 86.0%, to \$222.1 million for 2013 from \$119.4 million for 2012. The increase was attributable to an increase in non-allocated costs of \$57.5 million, an increase of \$34.2 million in Government costs and an increase of \$11.0 million in Commercial costs for 2013 compared to 2012.

(Dollars in thousands)	Year Ended December	% of Revenues	Year Ended December	% of Revenues	Change	% Change
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	31, 2013		31, 2012			
Cost of revenues:						
Government ⁽¹⁾	\$75,432	34.0	\$41,222	38.9	\$34,210	83.0
Commercial ⁽¹⁾	43,099	44.6	32,062	42.8	11,037	34.4
Non-allocated	103,577	32.5	46,121	25.5	57,456	124.6
Total cost of revenues	\$222,108	69.8	\$119,405	66.0	\$102,703	86.0

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(1)Percent of net revenues of applicable segment

Government Cost of Revenues

Costs of revenues for our Government segment are primarily comprised of variable costs associated with firefighting, defense and security, and transport and other government-related activities. For 2013, these costs were \$75.4 million, or 34.0% of revenues for the segment, as compared to \$41.2 million, or 38.9% of net revenues for the segment for 2012. The increase of \$34.2 million was primarily due to the addition of the defense and security work associated with the acquisition of EHI, partially offset by decreased costs associated with transport and other governmental-related activities primarily related to our Italian crewing customer and decreased costs for firefighting.

Commercial Cost of Revenues

Costs of revenues for our Commercial segment are primarily comprised of variable costs associated with timber harvesting, infrastructure construction, and MRO / Manufacturing. For 2013, these costs were \$43.1 million, or 44.6% of revenues for the segment, as compared to \$32.1 million, or 42.8% of net revenues for the segment for 2012. The increase of \$11.0 million was primarily due to the increased flight activity for infrastructure construction coupled with an increase in MRO costs.

Non-allocated Cost of Revenues

Non-allocated costs of revenues are primarily comprised of costs that are mostly fixed in nature and are shared costs between the segments. These costs are primarily salaries and benefit costs of our pilots and field mechanics, depreciation and amortization costs related to the aircraft, aircraft lease costs, insurance costs and other similar costs. For 2013 these costs were \$103.6 million, or 32.5% of net revenues, as compared to \$46.1 million, or 25.5% of net revenues for 2012. The increase was primarily driven by the increased costs associated with operating the EHI fleet and increased labor costs associated with pilots and field maintenance.

Gross Profit

Consolidated gross profit increased by \$34.7 million, or 56.5%, to \$96.1 million in 2013 from \$61.4 million in 2012. The increase was attributable to an increase in Government gross profit of \$81.5 million and an increase in Commercial gross profit of \$10.6 million, partially offset by an increase in non-allocated costs of \$57.5 million.

(Dollars in thousands)	Year Ended December 31, 2013	% of Revenues	Year Ended December 31, 2012	% of Revenues	Change	% Change
Gross profit:						
Government ⁽¹⁾	\$146,149	66.0	\$64,636	61.1	\$81,513	126.1
Commercial ⁽¹⁾	53,541	55.4	42,904	57.2	10,637	24.8
Non-allocated	(103,577)	(32.5)	(46,121)	(25.5)	(57,456)	124.6
Total gross profit	\$96,113	30.2	\$61,419	34.0	\$34,694	56.5

(1)Percentage of net revenues of applicable segment

Government. Primarily as a result of the factors discussed above, Government gross profit increased by \$81.5 million, or 126.1%, to \$146.1 million in 2013 from \$64.6 million in 2012. Gross profit margin was 66.0% in 2013 compared to 61.1% in 2012.

Commercial. Primarily as a result of the factors discussed above, Commercial gross profit increased by \$10.6 million, or 24.8%, to \$53.5 million in 2013 from \$42.9 million in 2012. Gross profit margin was 55.4% in 2013 compared to 57.2% in 2012.

Non-allocated. Primarily as a result of the factors discussed above, non-allocated costs for 2013 were \$103.6 million compared to \$46.1 million in 2012.

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Operating Expenses

(Dollars in thousands)	Year Ended December 31, 2013	% of Revenues	Year Ended December 31, 2012	% of Revenues	Change	% Change
Operating expenses:						
General and administrative	\$37,366	11.7	\$17,232	9.5	\$20,134	116.8
Research and development	4,000	1.3	4,683	2.6	(683)	(14.6)
Selling and marketing	7,755	2.4	6,071	3.4	1,684	27.7
Total operating expenses	49,121	15.4	27,986	15.5	21,135	75.5
Operating income	\$46,992	14.8	\$33,433	18.5	\$13,559	40.6

Operating expenses increased by \$21.1 million, or 75.5%, to \$49.1 million in 2013 from \$28.0 million in 2012. The increase was primarily due to the increase in general and administrative costs resulting from the addition of \$10.4 million of acquisition and integration costs associated with the addition of EHI and Air Amazonia, coupled with the additional costs associated with operating EHI and Air Amazonia.

Other Income (Expense)

(Dollars in thousands)	Year Ended December 31, 2013	% of Revenues	Year Ended December 31, 2012	% of Revenues	Change	% Change
Other income (expense)						
Interest expense, net	\$(25,175)	(7.9)	\$(6,990)	(3.9)	\$(18,185)	260.2
Other expense, net	(5,831)	(1.8)	(594)	(0.3)	(5,237)	NM
Total other expense	\$(31,006)	(9.7)	\$(7,584)	(4.2)	\$(23,422)	NM

Total other income (expense), net increased by \$23.4 million to \$31.0 million of net expense in 2013 from \$7.6 million of net expense in 2012. Interest expense, net increased by \$18.2 million to \$25.2 million in 2013, from \$7.0 million in 2012, primarily due to an increase in our average outstanding borrowings. Other income (expense), net increased by \$5.2 million to \$5.8 million in other expense in 2013 from \$0.6 million in other expense in 2012 due to the factors described below.

(Dollars in thousands)	Year Ended December 31, 2013	Year Ended December 31, 2012	Change
Other income (expense), net:			
Unrealized foreign exchange gain (loss)	\$309	\$(322)	\$631
Realized foreign exchange gain (loss)	(172)	788	(960)
Amortization of debt issuance costs	(2,067)	(1,174)	(893)
Interest expense related to tax contingencies	(13)	—	(13)
Gain on disposal of equipment	1	(5)	6
Loss on early extinguishment of debt	(215)	—	(215)
Other income (expense), net	(3,674)	119	(3,793)
Total other expense, net	\$(5,831)	\$(594)	\$(5,237)

Other income (expense), net increased by \$5.2 million to \$5.8 million of other expense in 2013 from \$0.6 million of other expense in 2012. The increase in net expense was primarily due to the sale of a note receivable from EIA which resulted in a loss of \$3.4 million and an increase in the amortization of debt issuance costs of \$0.9 million resulting from the addition of the 2020 Senior Notes offering and the new Revolving Credit Facility agreement entered into during 2013. The early extinguishment of our previous revolving credit facility resulted in a loss of \$0.2 million for

2013.

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Income Tax Expense (Benefit)

(Dollars in thousands)	Year Ended December 31, 2013	% of Revenues	Year Ended December 31, 2012	% of Revenues	Change	% Change
Net income before income taxes and noncontrolling interest	\$15,986	5.0	\$25,849	14.3	\$(9,863)	(38.2)
Income tax expense	6,120	1.9	10,213	5.6	(4,093)	(40.1)
Net income	\$9,866	3.1	\$15,636	8.6	\$(5,770)	(36.9)

Income tax expense decreased by \$4.1 million to \$6.1 million in 2013 from \$10.2 million in 2012, primarily due to a decrease of \$9.9 million in net income before income taxes and noncontrolling interest as compared to 2012.

Net Loss Attributable to Erickson Incorporated

(Dollars in thousands)	Year Ended December 31, 2013	% of Revenues	Year Ended December 31, 2012	% of Revenues	Change	% Change
Net income	\$9,866	3.1	\$15,636	8.6	\$(5,770)	(36.9)
Less: Net (income) loss related to noncontrolling interest	(209)	(0.1)	(406)	(0.2)	197	(48.5)
Net income attributable to Erickson Incorporated	9,657	3.0	15,230	8.4	(5,573)	(36.6)
Dividends on Redeemable Preferred Stock	—	—	2,795	1.5	(2,795)	(100.0)
Net income (loss) attributable to common stockholders	\$9,657	3.0	\$12,435	6.9	\$(2,778)	(22.3)

Net income (loss) attributable to Erickson Incorporated decreased by \$5.6 million to \$9.7 million net income in 2013 from \$15.2 million net income in 2012, primarily due to the changes in revenues, expenses, and taxes discussed above. Net income (loss) attributable to common stockholders decreased by \$2.8 million to net income of \$9.7 million in 2013 from net income of \$12.4 million in 2012 after accounting for accrued dividends on our Series A Redeemable Preferred Stock.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are borrowings available under our Revolving Credit Facility, cash flows from operations, and current balances of cash and cash equivalents. Our primary cash needs are debt service payments, capital expenditures and funding working capital requirements. Cash and cash equivalents in excess of our needs are held in interest bearing accounts with financial institutions.

We have a concentration of large customers, several of which are U.S. and foreign government agencies or entities, and our cash flows depend on being able to collect our receivables from them. If, in the future, we cannot generate sufficient cash from operations to comply with our debt service obligations, we will need to refinance such debt obligations, obtain additional financing, or sell assets. We believe that our cash from operations and borrowings available to us under our Revolving Credit Facility will be adequate to meet our liquidity needs, capital expenditure requirements and debt service payments for at least the next 12 months. Our Revolving Credit Facility has a maturity date of May 2, 2018.

In addition, we may need to fund our debt service obligations or capital expenditures through the issuance of debt or equity securities or other external financing sources to the extent we are unable to fund such debt service obligations

or capital expenditures out of our cash from operations.

As part of our business strategy, we may acquire businesses or specific assets or engage in other strategic transactions. However, our cash from operations and borrowings available under our existing credit facility may not be sufficient to fund any acquisitions or strategic transactions we choose to make. As a result, in the event we engage in any acquisitions or strategic transactions we may need to seek additional funds through the issuance of additional equity or debt securities or other sources of financing.

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2014 Compared to 2013

The following chart is a condensed presentation of our statement of cash flows for the year ended December 31, 2014 and December 31, 2013 (in thousands):

(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013	Change
Net cash provided by (used in) operating activities	\$13,984	\$(24,792)	) \$38,776
Net cash used in investing activities	(30,120)	) (282,935)	) 252,815
Net cash provided by financing activities	21,494	307,888	(286,394)
Foreign-currency effect on cash and cash equivalents	(2,142)	) 252	(2,394)
Net increase in cash and cash equivalents	3,216	413	2,803
Cash and cash equivalents at beginning of period	1,881	1,468	413
Cash and cash equivalents at end of period	\$5,097	\$1,881	\$3,216

Sources and Uses of Cash

At December 31, 2014, we had cash and cash equivalents of \$5.1 million compared to \$1.9 million at December 31, 2013. At December 31, 2014, we had restricted cash of \$0.6 million compared to \$2.9 million at December 31, 2013. Our cash and cash equivalents are intended to be used for working capital, capital expenditures, and debt repayments. Our restricted cash includes cash to secure performance bonds on certain contracts.

Net cash provided by (used in) operating activities. For the year ended December 31, 2014 net cash provided by operating activities before the change in operating assets and liabilities was \$39.2 million, which included net loss of \$10.2 million and non-cash adjustments reconciling net loss to net cash provided by operating activities of \$49.5 million (depreciation and amortization of \$34.9 million, impairment of goodwill of \$21.3 million, amortization of debt issuance costs of \$2.4 million, stock-based compensation of \$0.9 million, and non-cash interest on debt of \$0.3 million, partially offset by a \$7.8 million net decrease in deferred income taxes, \$1.9 million non-cash income from satisfaction of return to service liabilities, gains on sale of equipment of \$0.4 million, and a \$0.3 million gain on involuntary conversion). The change in operating assets and liabilities was a \$25.3 million use of cash primarily consisting of the following: a \$20.7 million decrease in accrued in other liabilities, a \$17.2 million increase in Aircraft support parts, net (primarily attributable to inventory purchases outpacing usage), an \$8.9 million decrease in accounts payable, and a \$5.5 million increase in prepaid expenses and other current assets, partially offset by a \$19.7 million decrease in accounts receivable, a \$5.6 million decrease in other noncurrent assets, a \$0.7 million increase in other long-term liabilities, and a \$0.6 million increase in income taxes payable, and a \$0.4 million decrease in income taxes receivable. As a result of these factors, operating activities provided \$14.0 million of cash during the year ended December 31, 2014.

For the year ended December 31, 2013, net cash provided by operating activities before the change in operating assets and liabilities was \$56.7 million, which included net income of \$9.9 million offset by non-cash adjustments reconciling net income to net cash provided by operating activities of \$46.8 million (depreciation and amortization of \$33.3 million, an increase in deferred income taxes of \$5.2 million, a \$3.4 million loss on the sale of the EIA term loan note receivable, \$2.1 million of amortization of debt issuance costs, non-cash interest on debt of \$1.9 million, stock based compensation of \$0.8 million, and \$0.2 million from the write-off of debt issuance costs, partially offset by \$0.1 million of net non-cash interest). The change in operating assets and liabilities was a \$81.5 million use of cash consisting of the following: a \$32.0 million increase in aircraft support parts, net (primarily attributable to inventory levels needed for EHI operations subsequent to the acquisition and in preparation for the active fire season), a \$21.0 million increase in accounts receivable, a \$19.5 million decrease in accounts payable (primarily related to repayment

of EHI related payables subsequent to the EHI acquisition), a \$6.4 million decrease in accrued and other current liabilities, and a \$3.1 million increase in other non-current assets, partially offset by a \$0.9 million decrease in income tax receivable, and a \$0.4 million decrease in prepaid expenses and other current assets. As a result of these factors, we used \$24.8 million of cash in operating activities in the year ended December 31, 2013.

Net cash used in investing activities. Net cash used in investing activities was \$30.1 million for the year ended December 31, 2014 compared to net cash used in investing activities of \$282.9 million for the year ended December 31, 2013. In the year ended December 31, 2014, we used net cash of \$56.8 million for purchases of aircraft and property, plant and equipment

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primarily in support of our legacy business and expanded operations subsequent to the EHI acquisition, partially offset by \$24.7 million in proceeds from the sale leaseback of the Airplane executed in the second quarter of 2014 and releases of restricted cash provided \$2.2 million. In the year ended December 31, 2013, we used net cash of \$282.9 million, primarily related to the acquisition of EHI with total cash consideration transferred, net of cash received, of \$226.9 million.

Net cash provided by financing activities. During the year ended December 31, 2014, financing activities provided \$21.5 million of cash compared to \$307.9 million of cash provided during the year ended December 31, 2013. In the year ended December 31, 2014, borrowings from the credit facility of \$227.9 million exceeded repayments of \$206.7 million. In the twelve months ended December 31, 2013, net cash provided by financing activities was \$400.0 million from borrowings of the Notes, partially offset by repayment on the Notes of \$45.0 million, and net repayments on revolving credit facilities and debt issuance costs.

2013 Compared to 2012

(Dollars in thousands)	Year Ended December 31, 2013	Year Ended December 31, 2012	Change
Net cash provided by (used in) operating activities	\$(24,792)	\$28,158	\$(52,950)
Net cash used in investing activities	(282,935)	(21,492)	(261,443)
Net cash provided by financing activities	307,888	(5,446)	313,334
Foreign-currency effect on cash and cash equivalents	252	(20)	272
Net increase in cash and cash equivalents	413	1,200	(787)
Cash and cash equivalents at beginning of period	1,468	268	1,200
Cash and cash equivalents at end of period	\$1,881	\$1,468	\$413

Sources and Uses of Cash

At December 31, 2013, we had cash and cash equivalents of \$1.9 million compared to \$1.5 million at December 31, 2012. At December 31, 2013, we had restricted cash of \$2.9 million compared to \$3.8 million at December 31, 2012. Our cash and cash equivalents are intended to be used for working capital, capital expenditures, and debt repayments. Our restricted cash includes cash to secure performance bonds on certain contracts.

Net cash provided by (used in) operating activities. For the year ended December 31, 2013, net cash provided by operating activities before the change in operating assets and liabilities was \$56.7 million, which included net income of \$9.9 million and non-cash adjustments reconciling net income to net cash provided by operating activities of \$46.8 million (depreciation and amortization of \$33.3 million, a \$5.2 million net increase in deferred income taxes, a \$3.4 million loss on the sale of the EIA term loan note receivable, amortization of debt issuance costs of \$2.1 million, non-cash interest expense on debt of \$1.9 million, stock-based compensation expense of \$0.8 million, and \$0.2 million of debt issuance costs written off, partially offset by net non-cash interest income of \$0.1 million related to loans). The change in operating assets and liabilities was a \$81.5 million use of cash primarily consisting of the following: a \$32.0 million increase in Aircraft support parts, net (primarily attributable to increases in inventory levels needed for EHI operations subsequent to the acquisition and in preparation for the active fire season), a \$21.0 million increase in accounts receivable (primarily attributable to increased revenues), a \$19.5 million decrease in accounts payable (primarily related to repayments of EHI-related payables subsequent to the EHI acquisition), a \$3.1 million increase in other non-current assets and a \$6.4 million decrease in accrued and other current liabilities.

For the year ended December 31, 2012, net cash provided by operating activities before the change in operating assets and liabilities was \$46.4 million, which included net income of \$15.6 million and non-cash adjustments reconciling net income to net cash provided by operating activities of \$30.8 million consisting of the following: depreciation and

amortization of \$21.7 million, non-cash interest on subordinated notes of \$3.1 million, an increase in deferred income taxes of \$2.7 million, stock-based compensation of \$2.1 million, and amortization of debt issuance costs of \$1.2 million. The change in operating assets and liabilities was a \$18.3 million use consisting of the following: a \$27.4 million increase in Airplane support parts, net (attributable to the addition of two Airplanes, increases in support parts for our expanded fleet, and to support our continued expansion into South America), and a \$2.9 million decrease in other long-term liabilities (primarily due to the relief of the long-term liabilities associated with SDG&E), partially offset by a \$6.2 million increase in income tax payables, a \$2.8 million decrease in prepaid expenses and other current assets, a \$2.7 million decrease in accounts receivable (primarily attributable to decreases in receivables from our Italian and Malaysian customers), a \$0.2 million increase in accrued and other liabilities, and

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a \$0.2 million decrease in income taxes receivable. As a result of these factors, we provided \$28.2 million of cash in operating activities in the year ended December 31, 2012.

Net cash used in investing activities. Net cash used in investing activities was \$282.9 million for the year ended December 31, 2013 compared to net cash used in investing activities of \$21.5 million for the year ended December 31, 2012. In the year ended December 31, 2013, we used net cash of \$226.9 million in the acquisition of businesses (EHI and Air Amazonia), \$56.1 million for purchases of aircraft and property, plant and equipment primarily in support of our legacy business and expanded operations subsequent to the EHI acquisition and \$2.2 million for the purchase of intangible assets; the sale of the EIA term loan note provided \$1.7 million and release of restricted cash provided \$1.0 million. In the year ended December 31, 2012, we used net cash of \$22.7 million for the purchase of an Airplane and routine capital expenditures.

Net cash provided by financing activities. During the year ended December 31, 2013, financing activities provided \$307.9 million of cash compared to a \$5.4 million use of cash during the year ended December 31, 2012. In the year ended December 31, 2013, borrowings of the 2020 Senior Notes provided \$400.0 million and borrowings from credit facilities provided \$246.4 million, while we used \$45.0 million for repayments of the 2020 Senior Notes, \$250.2 million for repayments on credit facilities, \$27.6 million for repayments of subordinated notes, \$15.0 million for debt issuance costs and \$0.7 million for shares withheld for payment of taxes. In the year ended December 31, 2012, we used \$35.8 million for net payments of long-term debt and \$0.4 million for debt issuance costs related to our credit facility refinancing, and \$31.5 million was provided by the proceeds from the issuance of common stock.

Description of Indebtedness

The following summary of certain provisions of the instruments evidencing our material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the corresponding agreements, including the definitions of certain terms therein that are not otherwise defined in this Form 10-K.

2020 Senior Notes Offering

On May 2, 2013, we closed our \$400.0 million aggregate principal note offering. The 2020 Senior Notes bear interest at 8.25%, are second priority senior secured obligations, and are due in 2020. The 2020 Senior Notes are guaranteed by certain of our existing and future domestic subsidiaries.

We used the net proceeds of the offering to (i) finance a portion of the purchase price for the EHI acquisition, (ii) refinance our 2015 Subordinated Notes and 2016 Subordinated Notes, (iii) refinance our prior senior secured asset-based revolving credit facility, comprised of the Term Debt and Revolving Line of Credit, (iv) pay related fees and expenses, and (v) fund operations.

The indenture under which the 2020 Senior Notes were issued, among other things, limits our ability and the ability of our restricted subsidiaries to: (i) pay dividends or distributions, repurchase equity, prepay subordinated debt or make certain investments; (ii) incur additional debt or issue certain disqualified stock and preferred stock; (iii) incur liens on assets; (iv) merge or consolidate with another company or sell all or substantially all assets; (v) enter into transactions with affiliates; and (vi) allow to exist certain restrictions on the ability of the guarantors to pay dividends or make other payments to us.

The 2020 Senior Notes are secured by second-position liens, subject to certain exceptions and permitted liens, on substantially all of our existing and future assets that secure our new Revolving Credit Facility.

The interest rate on the 2020 Senior Notes is fixed at 8.25%. The outstanding balance under the 2020 Senior Notes at December 31, 2014 and December 31, 2013 was \$355.0 million.

A total of \$46.0 million of the net proceeds were initially deposited in escrow, consisting of \$45.0 million of aggregate principal and \$1.0 million related to anticipated interest, to be used toward the acquisition of Air Amazonia. Pursuant to the terms of the 2020 Senior Notes, these proceeds of the offering were not released from escrow to consummate the Air Amazonia acquisition before July 31, 2013, and as a result, an aggregate principal amount of 2020 Senior Notes equal to \$45.0 million were redeemed, on a pro rata basis, on August 5, 2013 pursuant to a special mandatory redemption, at a price equal to 100% of the principal amount of the 2020 Senior Notes being redeemed, plus accrued and unpaid interest to, but not including, August 5, 2013. We funded the purchase price of the Air Amazonia acquisition with borrowings from our Revolving Credit Facility during 2013 (see “Note 6 —Acquisitions”).

On May 2, 2014, we commenced an offer (the “Exchange Offer”) to exchange all \$355.0 aggregate principal amount of our outstanding 8.25% Second Priority Senior Secured Notes due 2020, which were not registered under the Securities Act of 1933

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(the “Old Notes”), for an equal principal amount of new 8.25% Second Priority Senior Secured Notes due 2020 which have been registered under the Securities Act of 1933 (the “New Notes”). The Exchange Offer was completed on June 6, 2014.

Revolving Credit Facility

On May 2, 2013, we entered into the Revolving Credit Facility, providing a new \$100.0 million, five-year revolving credit facility with a group of financial institutions led by Wells Fargo Bank N.A. and including Bank of the West, Deutsche Bank Trust Company Americas, and HSBC Bank USA NA. On June 14, 2013, the Revolving Credit Facility was amended to increase the maximum aggregate amount that we may borrow from \$100.0 million to \$125.0 million, and on March 11, 2014 it was amended to increase the maximum amount that we may borrow to \$140.0 million. The interest rate under the Revolving Credit Facility is 225-450 basis points over LIBOR/Prime base rate depending on our senior leverage ratio. The proceeds under the Revolving Credit Facility are primarily used for general corporate purposes.

We and each of our current and future, direct and indirect, material subsidiaries guarantee the indebtedness under the Revolving Credit Facility on a senior secured first lien basis.

The Revolving Credit Facility contains certain financial covenants including, without limitation, a minimum fixed charge coverage ratio of 1.20:1.00 if our average excess availability, as calculated pursuant to the terms of the Revolving Credit Facility, is greater than \$16.8 million or 1.05:1.00 if our average excess availability, as calculated pursuant to the terms of the Revolving Credit Facility, is less than or equal to \$16.8 million. The fixed charge coverage ratio has multiple inputs, including, but not limited to, bank EBITDA, maintenance capital expenditures, and cash paid for interest and taxes. Our fixed charge coverage ratio as of December 31, 2014 and 2013 was 1.53:1.00 and 2.66:1.00, respectively. The Revolving Credit Facility also imposes an annual growth capital expenditures limit of approximately \$25.0 million, subject to standard carry-over provisions. We were in compliance with the financial covenants as of December 31, 2014 and December 31, 2013.

The Revolving Credit Facility includes mandatory prepayment requirements for the certain types of transactions, including, without limitation, requiring prepayment from (a) proceeds that we receive as a result of certain asset sales, subject to re-investment provisions on terms to be determined, and (b) proceeds from extraordinary receipts.

The outstanding balance under the Revolving Credit Facility at December 31, 2014 and December 31, 2013 was \$89.3 million and \$68.1 million, respectively. The weighted average interest rate for borrowings under the Revolving Credit Facility for the year ended December 31, 2014 was 5.09%. The interest rate at December 31, 2014 and December 31, 2013 was 5.02% and 5.06%, respectively. As of December 31, 2014 and December 31, 2013 we had \$4.7 million and \$5.1 million in outstanding standby letters of credit under the Revolving Credit Facility, respectively, and maximum borrowing availability was \$46.0 million and \$51.8 million as of December 31, 2014 and December 31, 2013, respectively.

2020 Subordinated Notes

Pursuant to the terms of the EHI stock purchase agreement, the consideration included \$17.5 million of our subordinated notes. The subordinated notes accrue interest at a fixed rate of 6.0% per annum, mature on November 2, 2020, and may be prepaid at our option. Upon an event of default under the subordinated notes, the interest rate will increase to 8.0% per annum until the event of default is cured. We agreed to pay, in cash, quarterly installments of interest only (in arrears) until March 31, 2015, after which date we agreed to pay, in addition to such interest, on a quarterly basis \$1.0 million in principal. Upon any refinancing of the 2020 Senior Notes or the Revolving Credit Facility the principal amount of the subordinated notes with all accrued interest thereon will become due and payable.

Upon a change of control, the principal amount together with all accrued interest shall forthwith be due and payable. Until the principal amount of the subordinated notes together with all accrued interest thereon has been paid in full, we and our subsidiaries may not declare or pay any dividend, make any payment on account of, or take certain other actions in respect of any of our company or its subsidiaries' equity interests, subject to certain exceptions.

For purchase accounting of the EHI acquisition, the fair value of the subordinated notes was estimated at \$15.9 million, assuming a market level borrowing rate of 9.00%. As of December 31, 2014, the carrying value of the 2020 Subordinated Notes was \$16.5 million, made up of the face value of \$17.5 million net of the unamortized discount of \$1.0 million. As of December 31, 2013, the carrying value of the 2020 Subordinated Notes was \$16.2 million, made up of the face value of \$17.5 million net of the unamortized discount of \$1.3 million. The weighted average interest rate for borrowings under the 2020 Subordinated Notes was 6.00% during the year ended December 31, 2014.

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Non-GAAP Financial Measures

We use EBITDA, Adjusted EBITDA and Adjusted EBITDAR to monitor our overall business performance. We define EBITDA as net income (loss) before interest expense, net, provision for (benefit from) income taxes, depreciation and amortization, and non-cash charges relating to financings. We include the amortization of overhaul costs as an add-back to EBITDA. We believe that such adjustments to arrive at EBITDA are common industry practice amongst our peers and we believe this provides us with a more comparable measure for managing our business. We also believe that it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry.

Adjusted EBITDA means, as defined by our Revolving Credit Facility agreement, with respect to any fiscal period, our EBITDA, adjusted for, without duplication, the sum of the following amounts for such period to the extent included in determining consolidated net earnings (or loss) for such period: (i) extraordinary gains, (ii) non-cash items increasing consolidated net earnings for such period, excluding any items representing the impact of purchase accounting or the reversal of any accrual of, or cash reserve for, anticipated changes in any period, (iii) non-cash extraordinary losses, (iv) any other non-cash charges reducing consolidated net earnings for such period, excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period or amortization of a prepaid cash expense that was paid in a prior period, (v) to the extent not capitalized, (A) non-recurring expenses, fees, costs and charges incurred and funded prior to, on or within nine months after the closing date in connection with the Revolving Credit Facility and the EHI acquisition; and (B) expenses incurred and funded prior to, on, or within two years of the closing date in connection with the termination of the lease for the location of the chief executive office of EHI as of the closing date; and (vi) transaction-related expenditures incurred and funded prior to, on or within nine months of the date of consummation of (A) the HRT acquisition, (B) any permitted acquisition under the Revolving Credit Facility, or (C) any investment that is permitted pursuant to the Revolving Credit Facility, in the case of each of (A), (B), and (C), that arise out of cash charges related to deferred stock compensation, management bonuses, strategic market reviews, restructuring, retention bonuses, consolidation, severance or discontinuance of any portion of operations, termination of the lease for the headquarters of EHI, employees or management of the target of such permitted acquisition, accrued vacation payments and working notices payments and other non-cash accounting adjustments. We have further adjusted EBITDA for continued acquisition and integration costs beyond the nine months defined by our Revolving Credit Facility agreement and the restructuring costs associated with exiting the Malaysian timber harvesting market and right-sizing of our business in Brazil.

We also use Adjusted EBITDAR in managing our business. Adjusted EBITDAR is determined by adding aircraft lease expense to Adjusted EBITDA. We present Adjusted EBITDAR because we believe this provides us with a more comparable measure for managing our business.

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EBITDA, Adjusted EBITDA, and Adjusted EBITDAR are supplemental measures of our performance that are not required by or presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA and Adjusted EBITDAR are not measurements of our financial performance under U.S. GAAP and should not be considered as alternatives to revenue, net income (loss), cash flow, or any other performance measure derived in accordance with U.S. GAAP. Our presentation of EBITDA, Adjusted EBITDA, and Adjusted EBITDAR may not be comparable to similarly titled measures of other companies. A reconciliation of net loss to EBITDA, Adjusted EBITDA, and Adjusted EBITDAR is provided below.

(Dollars in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
EBITDA, Adjusted EBITDA and Adjusted EBITDAR Reconciliation:			
Net income (loss) attributable to Erickson Incorporated	\$(10,292)	\$9,657	\$15,230
Interest expense, net	35,800	25,175	6,990
Tax expense (benefit)	(4,432)	6,120	10,213
Depreciation and amortization	34,903	33,328	21,661
Amortization of debt issuance costs	2,433	2,067	1,174
EBITDA	\$58,412	\$76,347	\$55,268
Acquisition and integration related expenses	1,687	10,383	—
Non-cash unrealized mark-to-market foreign exchange (gains) losses	387	(309)	322
Non-cash charges from awards to employees of equity interests	861	792	2,118
Loss on early extinguishment of debt	—	215	—
Interest expense related to tax contingencies	10	13	—
Non-cash goodwill impairment loss	21,272	—	—
Restructuring costs	1,482	—	—
Other non-cash gains ⁽¹⁾	(358)	(1)	(795)
Loss on sale of EIA Note ⁽²⁾	—	3,441	—
Adjusted EBITDA	\$83,753	\$90,881	\$56,913
Aircraft lease expenses	20,198	14,005	—
Adjusted EBITDAR	\$103,951	\$104,886	\$56,913

(1) 2012 amounts include \$0.8 million related to the reversal of the CRA reserve that was originally included as an add-back to the fourth quarter 2010 expenses.

While the sale of the EIA note is not included in the definition of Adjusted EBITDA and Adjusted EBITDAR as (2) described above, we believe this amount should be added to the calculation for EBITDA, Adjusted EBITDA and Adjusted EBITDAR to provide us with a more comparable measure for managing our business.

CONTRACTUAL OBLIGATIONS

As of December 31, 2014, we had \$461.2 million of debt (including current maturities), excluding letters of credit. This amount consisted of \$355.0 million for the 2020 Senior Notes, \$89.3 million for the revolving credit facility, \$17.5 million for the subordinated notes due 2020, which were reflected on our consolidated balance sheet as of December 31, 2014 at a carrying value of \$16.5 million, and \$0.4 million for other outstanding debt for fixtures financing.

The following table sets forth our long-term contractual cash obligations as of December 31, 2014 (in thousands):

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	Payment Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations ⁽¹⁾ :					
2020 Senior Notes	\$355,000	\$—	\$—	\$—	\$355,000
Revolving Credit Facility	89,339	—	—	89,339	—
2020 Subordinated Notes	17,500	4,000	8,000	5,500	—
Fixtures financing	409	144	265	—	—
Interest on 2020 Senior Notes and 2020 Subordinated Notes	165,951	30,247	59,776	58,844	17,084
Operating Leases	74,999	18,876	30,427	18,066	7,630
Total Contractual Obligations	\$703,198	\$53,267	\$98,468	\$171,749	\$379,714

⁽¹⁾ Amounts shown above do not include outstanding purchase orders, the majority of which are cancelable, as of December 31, 2014.

OFF-BALANCE SHEET ARRANGEMENTS

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

Operating Leases. We lease light and medium lift aircraft, certain premises on a short-term basis, and a minor amount of our facilities and certain other property and equipment under noncancelable operating lease agreements that expire on various dates through August 2064. Certain leases have renewal options. During the second quarter of 2014, we entered into a sale-leaseback transaction for one S-64 Airplane for a total purchase price of \$24.7 million. The lease has an initial term of seven years commencing on June 30, 2014, and base monthly lease payments of approximately \$264,000.

Letters of Credit. To meet certain customer requirements, we issue letters of credit which are used as collateral for performance bonds, bid bonds, or advance customer payment on contracts. These instruments involve a degree of risk that is not recorded on our balance sheet. At December 31, 2014, we had letters of credit with various expiration dates extending into 2016 valued at approximately \$5.1 million outstanding, including \$4.7 million outstanding under our Revolving Credit Facility and \$0.4 million (€0.4 million) outstanding under a performance bond issued by Banca Di Credito Cooperativo Di Cambiano that we have secured with \$0.4 million (€0.4 million) in restricted cash.

Advance Agreements with Foreign Banks. In order to provide short-term liquidity needs of our subsidiaries, we may allow those subsidiaries to enter into agreements with banks to obtain advances on key accounts receivable. At December 31, 2014 and December 31, 2013, there were no advances outstanding under these types of arrangement.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect amounts reported in those statements. We have made our best estimates of certain amounts contained in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. However, application of our accounting policies involves the exercise of judgment and use of assumptions

as to future uncertainties, and, as a result, actual results could differ materially from these estimates. Management believes that the estimates, assumptions, and judgments involved in the accounting policies described below have the most significant impact on our consolidated financial statements.

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

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Revenue Recognition

We enter into short-term and medium-term service contracts with our customers, which generally range from one day to one year. Occasionally, we enter into multi-year contracts, with extension options for additional years. Revenue is recognized for contracts as the services are rendered and include leasing of the aircraft, pilot and field maintenance support and related services. We charge daily rates, hourly rates and production rates (logging volume transported) depending upon the type of service rendered. Mobilization fees, which represent recovery of costs incurred to deploy an aircraft to a customer, are recognized as the mobilization occurs. Revenues from timber harvesting operations in Canada and the U.S. are earned based on the number of flight hours or the timber volume and quality delivered to customers, depending on the customer contract.

Sales contracts for Aircranes include multiple deliverables, such as warranty, spare parts, training and crew provisioning arrangements. We allocate consideration associated with the arrangement based on the relative selling prices of the various elements. Selling prices are based on vendor-specific objective evidence (“VSOE”); if VSOE is not available, third party evidence of selling prices is used. In circumstances where neither VSOE nor third party evidence is available, we use estimated selling prices as the basis for allocating consideration.

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

Revenue recognized represents the price negotiated with the customer, adjusted by any discounts. The amount reported as cost of sales is determined by specific identification of costs to remanufacture each Aircrane, plus a proportion of deferred program costs from specific modifications to the Aircrane ordered by the customer.

For the sales of the other aircraft the revenue is recognized when the title passes to the customer in accordance with the contract.

Our Manufacturing, Repair, and Overhaul (“MRO”) facilities enter into contracts that require maintenance, repair, overhaul and/or assembly of various major components and other aircraft parts. In all such instances, revenues and costs are deferred until repairs are completed and the customer accepts the final product. For sales of spare parts, revenue and cost of sales are recorded once the parts are shipped to the customer in accordance with the contract or purchase order, ownership and risk of loss have passed to the customer, collectability is reasonably assured and the price is fixed and determinable. In instances where title does not pass to the customer upon shipment, we recognize revenue and cost of sales upon delivery or customer acceptance, depending on the terms of the sales agreement. CPH contracts are accounted for on a long-term contract basis; revenues are recognized based upon negotiated hourly rates and applicable flight hours earned, and profitability of the contract is based upon estimated costs over the life of the contract.

Accounts Receivable

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

Aircraft Support Parts, net

Aircraft support parts, net consist of aircraft parts and work-in-process which are valued at the lower of cost or market utilizing the first-in first-out method. Costs capitalized for aircraft support parts include materials, labor, and operating overhead. Work-in-process consists of remanufactured aircraft in various stages of production and in-process aircraft support parts. All aircraft require daily routine repairs and maintenance based on inspections. Such maintenance costs are expensed as incurred. Periodically, aircraft are removed from service and undergo heavy maintenance activities, including inspections and repairs of the airframe and related parts as required; depending on the nature of the costs, they are either capitalized or expensed as incurred. Upon completion of an aircraft remanufacture, based on the demand for our services, we may transfer an aircraft into our fleet.

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A significant part of our 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 consolidated balance sheets.

Aircraft parts are categorized as serviceable, which indicates that they are in a condition suitable for installing on an aircraft, or repairable, which indicates that additional overhaul or repair work needs to be performed in order for the part to be certified as serviceable. Because we operate within a niche of the heavy-lift helicopter market, we experience long lead times and are required to carry large quantities of spare inventory in order to ensure availability of parts for servicing our fleet of aircraft. We record an excess and obsolete reserve for parts when our quantity on hand exceeds our forecasted needs or when parts have either not been utilized for a period of seven years or have been deemed obsolete or beyond economical repair by our engineering department. Accordingly, changes in forecasted demand, revised cost estimates or design changes for a part can affect estimates associated with our provision for excess and obsolete aircraft support parts, and it can vary significantly as a result.

Income Taxes

We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. We are subject to income taxes in the U.S., state, and several foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain.

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

Goodwill and Other Intangible Assets

Goodwill and other intangible assets result from our acquisition of existing businesses. In accordance with accounting standards related to business combinations, goodwill is not amortized, however, certain definite-lived identifiable intangible assets such as customer relationships are amortized over their estimated useful lives. We review identified intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

Impairment and Depreciation of Long-Lived Assets

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

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

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

Other Contingencies

In the ordinary conduct of our business, we are subject to periodic lawsuits, investigations, and claims. See "Business - Legal Proceedings" in this Form 10-K for a description of significant legal proceedings in which we are currently involved. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations, and claims

asserted against us, we do not

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believe that any currently pending legal proceeding to which we are a party, if determined adversely to us, will have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Emerging Growth Company

We are an “emerging growth company” (as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) under the federal securities laws and are subject to reduced public company reporting requirements. In this annual report on Form 10-K, we have elected to provide scaled disclosure about our executive compensation arrangements. In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Since we did not elect to take advantage of the extended transition period at the time of our initial public offering in April 2012, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

At December 31, 2014 we had total indebtedness of \$461.2 million (excluding \$5.1 million of letters of credit). Our exposure to market risk from adverse changes in interest rates is primarily associated with our Revolving Credit Facility as our other debt obligations maintain fixed interest rates. Market risks associated with our Revolving Credit Facility include the potential reductions in fair value and negative impacts to future earnings from an increase in interest rates. Under our pre-acquisition debt, composed of the Term Debt and Revolving Line of Credit terminated on May 2, 2013, the applicable interest rate on our borrowings was calculated based on either LIBOR (London Interbank Offered Rate) or a base rate plus a margin depending on the level of the senior debt leverage covenant ratio as defined in our prior credit agreement. The rates applicable to outstanding borrowings fluctuated based on many factors including, but not limited to, general economic conditions and interest rates, including the LIBOR, Federal Funds, and prime rates. Under our Revolving Credit Facility, the applicable interest rate on our borrowings is 225—450 basis points over LIBOR/Prime base rate depending on our senior leverage ratio. We estimate that a hypothetical 10% change in the interest rates experienced on our debt would have impacted interest expense for the year ended December 31, 2014 by approximately \$0.3 million (after tax).

Aircraft Fuel

Our results of operations are affected by changes in the price and availability of aircraft fuel. For the year ended December 31, 2014, a deviation of 10% in the average price per gallon of fuel would have impacted our cost of revenues by approximately \$0.2 million (after tax). Many of our contracts allow for recovery of all or part of any fuel cost change through pricing adjustments. We do not currently purchase fuel under long-term contracts or enter into futures or swap contracts.

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

Foreign Currency Exchange Rate Risk

A significant portion of our revenues are denominated in a currency other than the U.S. dollar. We are subject to exposures that arise from foreign currency movements between the date the foreign currency transactions are recorded and the date they are settled. Our exposure to foreign currency movements is somewhat mitigated through naturally

offsetting asset and liability currency positions. We periodically enter into foreign currency hedging transactions to mitigate the risk of foreign currency movements and minimize the impact of exchange rate fluctuations on our profits. A hypothetical 10% change in the value of the foreign currencies in which our business is denominated relative to the U.S. dollar for the year ended December 31, 2014 would have resulted in an estimated pre-hedged change of \$1.1 million in our net income (loss) after tax.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Erickson Incorporated

We have audited the accompanying consolidated balance sheets of Erickson Incorporated (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Erickson Incorporated and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Portland, Oregon

March 10, 2015

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ERICKSON INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$5,097	\$1,881
Restricted cash	567	2,883
Accounts receivable, net of allowances for doubtful accounts of \$739 and \$991 in 2014 and 2013, respectively	44,350	65,987
Prepaid expenses and other current assets	8,780	3,360
Income tax receivable	677	135
Deferred tax assets	1,230	3,715
Total current assets	60,701	77,961
Aircraft support parts, net	137,593	126,696
Aircraft, net	128,221	127,179
Property, plant and equipment, net	120,635	109,382
Goodwill	215,241	234,978
Other intangible assets, net	20,053	22,484
Other non-current assets	23,077	28,625
Total assets	\$705,521	\$727,305
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$19,844	\$29,035
Current portion of long-term debt	4,144	—
Accrued and other current liabilities	19,034	41,233
Income tax payable	315	621
Deferred tax liabilities	884	—
Total current liabilities	44,221	70,889
Long-term debt	12,751	16,160
Long-term revolving credit facilities	89,339	68,086
Long-term notes payable	355,000	355,000
Other long-term liabilities	13,181	1,819
Uncertain tax positions	6,313	5,669
Deferred tax liabilities	3,703	16,775
Total liabilities	524,508	534,398
Stockholders' equity:		
Common stock; \$0.0001 par value; 110,000,000 shares authorized; 13,823,818 and 13,787,914 issued and outstanding at December 31, 2014 and December 31, 2013, respectively	1	1
Additional paid-in capital	181,018	179,954
Retained earnings	1,812	12,104
Accumulated other comprehensive loss, net of tax	(2,544	) (42
Total stockholders' equity attributable to Erickson Incorporated	180,287	192,017

Noncontrolling interest	726	890
Total stockholders' equity	181,013	192,907
Total liabilities and stockholders' equity	\$705,521	\$727,305

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

Table of ContentsERICKSON INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands, except share and per share data)

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Net revenues:	\$346,609	\$318,221	\$180,824
Cost of revenues	263,445	222,108	119,405
Gross profit	83,164	96,113	61,419
Operating expenses:			
General and administrative	26,494	37,366	17,232
Research and development	3,782	4,000	4,683
Selling and marketing	9,286	7,755	6,071
Impairment of goodwill	21,272	—	—
Total operating expenses	60,834	49,121	27,986
Operating income	22,330	46,992	33,433
Other income (expense):			
Interest expense, net	(35,800	) (25,175	) (6,990
Interest expense related to tax contingencies	(10	) (13) —
Amortization of debt issuance costs	(2,433	) (2,067	) (1,174
Unrealized foreign exchange gain (loss)	(387	) 309	(322
Loss on early extinguishment of debt	—	(215) —
Realized foreign exchange gain (loss)	(42	) (172	) 788
Gain on involuntary conversion	308	—	—
Gain on disposal of equipment	358	1	(5
Other expense, net	1,013	(3,674	) 119
Total other income (expense)	(36,993	) (31,006	) (7,584
Net income (loss) before income taxes and noncontrolling interest	(14,663	) 15,986	25,849
Income tax expense (benefit)	(4,432	) 6,120	10,213
Net income (loss)	(10,231	) 9,866	15,636
Less: Net (income) loss related to noncontrolling interest	(61	) (209	) (406
Net income (loss) attributable to Erickson Incorporated	(10,292	) 9,657	15,230
Dividends on Redeemable Preferred Stock	—	—	2,795
Net income (loss) attributable to common stockholders	\$(10,292	) \$9,657	\$12,435
Net income (loss)	\$(10,231	) \$9,866	\$15,636
Other comprehensive income (loss):			
Foreign currency translation adjustment	(2,658	) (107	) 136
Comprehensive income (loss)	(12,889	) 9,759	15,772
Comprehensive (income) loss attributable to noncontrolling interest	95	(215	) (435
Comprehensive income (loss) attributable to Erickson Incorporated	\$(12,794	) \$9,544	\$15,337
Net income (loss) per share attributable to common stockholders			
Basic	\$(0.75	) \$0.86	\$1.78
Diluted	\$(0.75	) \$0.82	\$1.78
Weighted average shares outstanding			
Basic	13,800,494	11,221,005	6,981,027
Diluted	13,800,494	11,834,506	6,981,027

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

Table of ContentsERICKSON INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except share and per share data)

	Preferred Stock	Common Stock Class A	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit) Of Erickson Incorporated	Noncontrolling Interest Amount	Total Stockholders' Equity		
	Shares	Am Shares	Am Shares	Amount							
Balance at December 31, 2011	34,999.5	66,160	1	—	(9,988)	(36)	\$(10,023)	878	\$(9,145)		
Dividends accrued on redeemable preferred stock	—	2,795	—	—	(2,795)	—	(2,795)	—	(2,795)		
Noncontrolling interest dividend	—	—	—	—	—	—	—	(297)	(297)		
Conversion of preferred and Class A common stock to common stock	(34,999.5)	(68,956)	(1)	4,802,970	0.5	68,956	—	—	68,956		
Issuance of common stock related to IPO, net	—	—	—	4,800,000	0.5	31,454	—	—	31,454		
Stock-based compensation Shares withheld for payment of taxes	—	—	—	214,933	—	2,118	—	—	2,118		
	—	—	—	(91,118)	—	(695)	—	—	(695)		
Components of comprehensive income (loss)											
Net income (loss)	—	—	—	—	15,230	—	15,230	406	15,636		
Foreign currency translation	—	—	—	—	—	107	107	29	136		
Comprehensive income									15,772		
Balance at December 31, 2012	—	—	—	9,726,785	1	101,833	2,447	71	104,352	1,016	105,368

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Issuance of Series A Preferred Stock	4,008,439	78,044	—	—	—	—	—	—	—
Noncontrolling interest dividend	—	—	—	—	—	—	—	(341)	(341)
Issuance of Restricted Stock Units	—	—	87,634	—	—	—	—	—	—
Stock-based compensation	—	—	—	792	—	—	792	—	792
Conversion of Series A Preferred Stock to Common Stock	(4,008,439)	(78,044)	4,008,439	78,044	—	—	78,044	—	78,044
Shares withheld for payment of taxes	—	—	(34,944)	(715)	—	—	(715)	—	(715)
Components of comprehensive income (loss):									
Net income (loss)	—	—	—	—	9,657	—	9,657	209	9,866
Foreign currency translation	—	—	—	—	—	(113)	(113)	6	(107)
Comprehensive income									9,759
Balance at December 31, 2013	—	\$—	\$—13,787,914	\$1 \$179,954	\$12,104	\$(42)	\$192,017	\$890	\$192,907
Issuance of Restricted Stock Units	—	—	50,695	—	—	—	—	—	—
Noncontrolling interest dividend	—	—	—	—	—	—	—	(69)	(69)
Stock-based compensation	—	—	—	861	—	—	861	—	861
Shares withheld for payment of taxes	—	—	(14,791)	(211)	—	—	(211)	—	(211)
Proceeds from shareholder, net	—	—	—	414	—	—	414	—	414
Components of comprehensive income (loss):	—	—	—	—	(10,292)	—	(10,292)	61	(10,231)

Net income											
(loss)											
Foreign											
currency	—	—	—	—	—	—	(2,502)	(2,502)	(156)	(2,658)	
translation											
Comprehensive											
loss										(12,889)	
Balance at											
December 31,	—	\$—	\$—	\$13,823,818	\$1	\$181,018	\$1,812	\$(2,544)	\$180,287	\$726	\$181,013
2014											

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

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ERICKSON INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Cash flows from operating activities:			
Net income (loss)	\$(10,231)	\$9,866	\$15,636
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	34,903	33,328	21,661
Impairment of goodwill	21,272	—	—
Deferred income taxes	(7,790)	5,214	2,682
Non-cash income from satisfaction of return to service liability	(1,869)	—	—
Non-cash interest expense on debt	324	1,877	3,137
Non-cash interest income on loans	—	(140)	—
Write-off of debt issuance costs related to the early extinguishment of debt	—	215	—
Stock-based compensation	861	792	2,118
Amortization of debt issuance costs	2,433	2,067	1,174
Loss (gain) on sale of equipment	(358)	(1)	5
Gain on involuntary conversion	(308)	—	—
Loss on sale of term loan note receivable	—	3,441	—
Changes in operating assets and liabilities:			
Accounts receivable	19,719	(20,991)	2,679
Prepaid expenses and other current assets	(5,544)	427	2,803
Income tax receivable	434	915	201
Aircraft support parts, net	(17,240)	(32,001)	(27,355)
Other non-current assets	5,602	(3,131)	—
Accounts payable	(8,856)	(19,502)	(85)
Accrued and other current liabilities	(20,652)	(6,350)	199
Income tax payable	629	(304)	6,215
Other long-term liabilities	655	(514)	(2,912)
Net cash provided by (used in) operating activities	13,984	(24,792)	28,158
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired (see Note 6)	—	(226,868)	—
Purchases of aircraft and property, plant and equipment, net	(56,807)	(56,104)	(22,736)
Proceeds from sale-leaseback of aircraft	24,660	—	—
Restricted cash	2,222	958	1,438
Purchase of intangible assets	—	(2,205)	—
Proceeds from sale of term loan note receivable	—	1,660	—
Decrease (increase) in other assets	(126)	(35)	103
Dividends paid to non-controlling interest	(69)	(341)	(297)
Net cash used in investing activities	(30,120)	(282,935)	(21,492)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of expenses	—	—	31,454
Proceeds from shareholders, net	414	—	—
Repayments of subordinated notes	—	(27,572)	—
Repayments of credit facilities	(206,686)	(250,215)	(327,063)
Borrowings from credit facilities	227,939	246,377	291,234

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Borrowing of notes	—	400,000	—
Repayment of notes	—	(45,000) —
Other long-term borrowings	409	—	—
Debt issuance costs	(371	) (14,986	) (376)
Shares withheld for payment of taxes	(211	) (716	) (695)
Net cash provided by (used in) financing activities	21,494	307,888	(5,446)
Effect of foreign currency exchange rates on cash and cash equivalents	(2,142	) 252	(20)
Net increase in cash and cash equivalents	3,216	413	1,200
Cash and cash equivalents at beginning of period	1,881	1,468	268
Cash and cash equivalents at end of period	\$5,097	\$1,881	\$1,468
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$35,693	\$27,818	\$3,655
Cash paid for income taxes, net	\$3,925	\$1,477	\$1,104
The accompanying notes are an integral part of these consolidated financial statements			

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ERICKSON INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of the Business

The consolidated financial statements include the accounts of Erickson Incorporated (“EAC”) and its subsidiaries and affiliated companies: EAC Acquisition Corporation (“EAC Acq.”), Erickson Helicopters, Inc. and its subsidiaries (“EHI,” formerly known as Evergreen Helicopters, Inc.), CAC Development Ltd. (“Canada”), Canadian Air-Crane Ltd. (“CAC”), Erickson Air-Crane Malaysia Sdn. Bhd. (“EACM”), European Air-Crane S.p.A. (“EuAC”), Air Amazonia Serviços Aeronáuticos Ltda. (“Air Amazonia”), Dutch Air-Crane B.V. (“DAC”), and Erickson Aviation Peru S.A.C. (“Peru”) (collectively referred to as “the Company”). EuAC owns a 60% equity interest in Societa Italiana de Manutenzioni Aeroautiche S.p.A. (“SIMA”), which is an aircraft maintenance organization located in Lucca, Italy; and EACM owns a 49% equity interest in Layang-Layang Services Sdn. Bhd., which provides aircraft rental services in Malaysia.

As of December 31, 2014, the Company owned a fleet of 19 heavy lift helicopters, comprised of 13 S-64E and six S-64F model Aircranes, and 35 medium and light lift aircraft of varying model types, comprised of 28 rotor wing aircraft and seven fixed-wing aircraft. As of December 31, 2014, the Company leased a fleet of one heavy lift, 31 medium and light lift aircraft of varying types, comprised of 26 rotary wing aircraft and five fixed-wing aircraft. The Company’s fleet operations span the globe with a presence on six continents. As of December 31, 2014, 21 of the owned aircraft and 20 of the leased aircraft were deployed outside of North America.

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

Fiscal 2014

On April 1, 2014, the Company completed a rebranding initiative which included the following changes in legal names of entities: Erickson Air-Crane, Incorporated became Erickson Incorporated, Evergreen Helicopters, Inc. became Erickson Helicopters, Inc., and Evergreen Helicopters of Alaska, Inc. became Erickson Transport, Inc.

Fiscal 2013

On May 2, 2013, the Company closed its \$400.0 million aggregate principal note offering of 8.25% second priority senior secured obligations due 2020 (the “2020 Senior Notes”). Net proceeds from the offering were approximately \$386.4 million after deducting the initial purchasers’ commissions and estimated transaction fees and expenses. The Company used the net proceeds of the offering to (i) finance a portion of the purchase price for the EHI acquisition (see “Note 6 — Acquisitions”), (ii) refinance its 2015 Subordinated Notes and 2016 Subordinated Notes, (iii) refinance its prior senior secured asset-based revolving credit facility, comprised of the Term Debt and Revolving Line of Credit, (iv) pay related fees and expenses and (v) record the remaining cash to the balance sheet. A total of \$46.0 million of the net proceeds were deposited in escrow on May 2, 2013, consisting of \$45.0 million of aggregate principal and \$1.0 million related to anticipated interest, to be used toward the acquisition of Air Amazonia, the aerial services business of Brazil-based HRT Participações em Petróleo, S.A. (“HRT”). These proceeds of the offering were not released from escrow to consummate the Air Amazonia acquisition before July 31, 2013, and as a result, pursuant to the terms of the 2020 Senior Notes, an aggregate principal amount of Notes equal to \$45.0 million were redeemed, on a pro rata basis, on August 5, 2013 pursuant to a special mandatory redemption, at a price equal to 100% of the principal amount of the

2020 Senior Notes being redeemed, plus accrued and unpaid interest to, but not including, August 5, 2013. The Company completed the acquisition of Air Amazonia on September 3, 2013, funding the purchase price with borrowings from its senior secured asset-based credit facility also entered into on May 2, 2013 (the “Revolving Credit Facility”). See “Note 6 — Acquisitions” for further information.

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On May 2, 2013, the Company completed its acquisition of EHI, based in McMinnville, Oregon, a wholly owned subsidiary of Evergreen International Aviation, Inc. ("EIA") prior to the acquisition. EHI operated a fleet that consisted of 63 aircraft as of May 2, 2013, which included varying rotary-wing and fixed-wing types for a wide range of passenger transport and light, medium and heavy load-carrying missions. This diverse fleet serves both government and commercial customers, including programs with the U.S. military in support of overseas operations. EHI maintains a global presence with operations in North America, the Middle East, Africa, and Asia-Pacific (see "Note 6 — Acquisitions").

On September 3, 2013, the Company completed its acquisition of Air Amazonia, which included a fleet of six rotor wing aircraft and ground facilities. This fleet serves oil and gas activities in the Solimoes region of Brazil (see "Note 6 — Acquisitions").

Fiscal 2012

In April 2012, the Company completed its initial public offering of common stock in which a total of 4,800,000 shares of common stock were sold and issued, including 1,050,000 shares purchased by the existing stockholders of the Company, at an issue price of \$8.00 per share. The Company raised a total of \$38.4 million in gross proceeds from the initial public offering, or approximately \$31.5 million in net proceeds after deducting underwriting discounts and commissions of \$2.1 million and offering costs of \$4.8 million. Upon the closing of the initial public offering, all shares of the Company's redeemable preferred stock ("Redeemable Preferred Stock") and Class A common stock then outstanding automatically converted into an aggregate of 4,802,970 shares of the Company's common stock. Proceeds received from the initial public offering were used to pay down indebtedness.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

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

Principles of Consolidation

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

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. Reclassification has been made to prior period amounts of acquired intangible assets related to our Air Amazonia acquisition from other intangible assets, net to goodwill on the consolidated balance sheets as a result of the final purchase price accounting. Such reclassification had no effect on previously reported consolidated statements of stockholders' equity or consolidated statements of comprehensive income (loss). The prior period reclassification includes \$0.4 million of intangible assets, net reclassified to goodwill as of December 31, 2013.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the consolidated financial statements. Significant estimates for which changes in the near term are considered reasonably possible and that may have a material impact on the consolidated financial statements are: (a) excess and obsolete aircraft support parts reserves, (b) allowance for doubtful accounts, (c) income tax assets and liabilities, (d) warranty reserves, (e) cost-per-hour ("CPH") reserves and (f) estimates and assumptions made in determining fair values in connection with the business combinations. Management of the Company bases their estimates on historical experience and other relevant assumptions. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements.

Foreign Currency Translation and Transactions

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

Cash and Cash Equivalents

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

At December 31, 2014 and 2013, cash held in accounts in foreign institutions totaled \$5.4 million and \$3.8 million, of which \$0.6 million and \$2.5 million, respectively, was restricted cash.

Restricted Cash

Restricted cash of \$0.6 million and \$2.9 million at December 31, 2014 and 2013, respectively, maintained at financial institutions, serves as collateral for performance bonds required as a part of certain operating and sales contracts.

Allowance for Doubtful Accounts

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

Aircraft Support Parts, net

Aircraft support parts, net consist of aircraft parts and work-in-process which are valued at the lower of cost or market utilizing the first-in first-out method. Costs capitalized for aircraft support parts include materials, labor, and operating overhead. Work-in-process consists of remanufactured aircraft in various stages of production and in-process aircraft support parts. All aircraft require daily routine repairs and maintenance based on inspections. Such maintenance costs are expensed as incurred. Periodically, aircraft are removed from service and undergo heavy maintenance activities including inspections and repairs of the airframe and related parts as required; depending on the nature of the costs, they are either capitalized or expensed as incurred. Upon completion of an aircraft remanufacture, based on the demand for our services, the Company may transfer an aircraft into its fleet.

Abnormal amounts of idle facility expense, freight, handling costs, and scrap are recorded as current-period expenses. Production overhead rates are based on the planned capacity of the production facilities and overhead costs are allocated to production based on actual direct labor hours.

Aircraft parts are categorized as serviceable, which indicates that they are in a condition suitable for installing on an aircraft, or repairable, which indicates that additional overhaul or repair work needs to be performed in order for the part to be certified as serviceable. Since the Company operates within a niche of the heavy-lift helicopter market, it experiences long lead times and is required to carry large quantities of spares inventory in order to ensure availability of parts for servicing its fleet of aircraft. The Company records an excess and obsolete reserve for parts when its quantity on hand exceeds its forecasted need for the part or when parts have either not been utilized for a period of seven years or have been deemed obsolete or beyond economical repair by the Company's engineering department. Accordingly, changes in forecasted demand, revised cost estimates or design changes for a part can affect estimates associated with the Company's provision for excess and obsolete aircraft support parts, and it can vary significantly as a result.

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Aircraft support parts, net are classified as a non-current asset in the consolidated balance sheets because they are primarily used to maintain and overhaul the Company's fleet of aircraft, which are long-term assets. Aircraft support parts which are used in operations are recorded as a component of cost of sales in the accompanying consolidated statements of comprehensive income (loss).

Aircraft and Property, Plant, and Equipment, net

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

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

The cost of maintenance and repairs is charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the life of the lease.

Overhauls on certain significant components are capitalized, then amortized based on estimated flight hours between overhauls based on established life limits.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets result from our acquisition of existing businesses. In accordance with accounting standards related to business combinations, goodwill is not amortized, however, certain definite-lived identifiable intangible assets such as customer relationships are amortized over their estimated useful lives. We review goodwill annually, or on an interim basis if warranted, for impairment to determine if events or changes in business conditions indicate that the carrying value of the goodwill may not be recoverable. Such reviews assess the fair value of the assets based upon our estimates of the future cash flows we expect the assets to generate within the boundaries of the applicable reporting units of the Company. We review identified intangible assets for impairment annually, or whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. See "Note 6 - Acquisitions" for additional information pertaining to the Company's goodwill and other intangible assets.

During the year ended December 31, 2014 the Company recorded an impairment charge of \$21.3 million against the carrying amount of goodwill. See "Note 7 - Goodwill" for additional information pertaining to the impairment charge.

There have been no other events or changes in circumstances that would indicate the carrying amounts of all other goodwill and other intangible assets may not be recoverable and no other impairments were recorded for goodwill or other intangible assets during the years ended December 31, 2014, 2013 and 2012.

Impairment of Long-Lived Assets

The Company records impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In such cases, the amount of the impairment is determined based on the relative fair values of the impaired assets. No impairments were recorded for long-lived assets during the years ended December 31, 2014, 2013 and 2012.

Investments

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

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Deferred Offering Costs

Deferred offering costs consist of direct incremental accounting and legal fees related to the Company's initial and secondary public offerings of its common stock and other anticipated registration statements. Approximately \$0.3 million and \$0.4 million of deferred offering costs were included in prepaid expenses and other on the Company's consolidated balance sheets as of December 31, 2014 and 2013, respectively.

In April 2012, the Company completed its initial public offering. The Company raised a total of \$38.4 million in gross proceeds from the initial public offering, or approximately \$31.5 million in net proceeds after deducting underwriting discounts and commissions of \$2.1 million and offering costs of \$4.8 million.

Debt Issuance Costs

Debt issuance costs consist of expenditures associated with obtaining debt financing, principally legal and bank commitment fees. Such costs are deferred and amortized over the term of the related credit agreements using a method that approximates the effective interest method. Debt issuance costs included in other non-current assets within the consolidated balance sheets at December 31, 2014 and 2013 were \$11.4 million and \$13.5 million, respectively. Amortization of debt issuance costs was \$2.4 million, \$2.1 million and \$1.2 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") Topic 740. The Company is subject to income taxes in the U.S., state, and several foreign jurisdictions. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. Significant judgment is required in determining the Company's worldwide provision for income taxes and recording the related assets and liabilities.

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse. The Company records a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized.

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

It is the Company's policy to recognize interest and penalties related to uncertain tax positions within the consolidated statements of comprehensive income (loss) within other income (expense).

Stock-Based Compensation

Restricted stock units ("RSUs") are awarded to eligible employees and entitle the grantee to receive shares of common stock at the end of the vesting period. The fair value of the RSUs is based on the stock price on the date of grant. The Company recognizes the compensation costs related to restricted stock units on a straight-line basis over the requisite

vesting period of the award.

Revenue Recognition

The Company enters into short-term and medium-term service contracts with its customers, which generally range from one day to one year. Occasionally, the Company enters into multi-year contracts, with extension options for additional years. Revenue is recognized for contracts as the services are rendered and include leasing of the aircraft, pilot and field maintenance support and related services. The Company charges daily rates and hourly rates depending upon the type of service rendered. Mobilization fees, which represent recovery of costs incurred to deploy an aircraft to a customer, are recognized as the related mobilization occurs. Revenues from timber harvesting operations are earned based on the number of flight hours or the timber volume and quality delivered to customers, depending on the customer contract.

Sales contracts for Airplanes include multiple deliverables, such as warranty, spare parts, training and crew provisioning arrangements. The Company allocates consideration associated with the arrangement based on the relative selling prices of the

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various elements. Selling prices are based on vendor-specific objective evidence ("VSOE"); if VSOE is not available, third party evidence of selling prices is used. In circumstances where neither VSOE nor third party evidence is available, the Company uses estimated selling prices as the basis for allocating consideration.

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

Revenue recognized represents the price negotiated with the customer, adjusted by any discounts. Revenue is recognized net of any taxes remitted to governmental authorities on the customer's behalf. The amount reported as cost of sales is determined by specific identification of costs to remanufacture each Airplane, plus a proportion of deferred program costs from specific modifications to the Airplane ordered by the customer.

For the sales of the other aircraft the revenue is recognized when the title passes to the customer in accordance with the contract.

The Company's Manufacturing, Repair, and Overhaul ("MRO") facilities enter into contracts that require maintenance, repair, overhaul and/or assembly of various major components and other aircraft parts. In all such instances, revenues and costs are deferred until repairs are completed and the customer accepts the final product. For sales of spare parts, revenue and cost of sales are recorded once the parts are shipped to the customer in accordance with the contract or purchase order, ownership and risk of loss have passed to the customer, collectability is reasonably assured and the price is fixed and determinable. In instances where title does not pass to the customer upon shipment, the Company recognizes revenue and cost of sales upon delivery or customer acceptance, depending on the terms of the sales agreement. CPH contracts are accounted for on a long-term contract basis; revenues are recognized based upon negotiated hourly rates and applicable flight hours earned, and profitability of the contract is based upon estimated costs over the life of the contract.

Warranty and Cost-Per-Hour Reserves

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

The Company offers CPH contracts pursuant to which the Company provides components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. The amount of the accrual is estimated on a per flight hour basis and recorded as the hours are flown on the aircraft. See "Note 19-Warranty Reserves and CPH Reserves."

Risks and Uncertainties

The Company performs aerial services operations, sells Airplanes and spare parts, and performs other services throughout the world. Customers outside the U.S. accounted for 70.2%, 65.8% and 53.3% of consolidated net revenues during 2014, 2013 and 2012, respectively. Many of the industries in which our service customers operate are associated with periodic economic disruption, including timber harvesting, firefighting, and construction. For each of the years ended December 31, 2014, 2013 and 2012, the Company had revenues from two customers in excess of 10% of the total revenues.

The following is a summary of customers that accounted for at least 10% of the Company's net revenues in 2014, 2013, or 2012:

	Segment	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	
Fluor ⁽¹⁾	Government	17.4	% 14.8	% —	
U.S. Forest Service	Government	13.0	% 14.7	% 28.6	%
Italian Ministry of Civil Protection ⁽²⁾	Government	—	% 3.0	% 12.9	%
		30.4	% 32.5	% 41.5	%

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(1) Fluor was a customer serviced by Evergreen Helicopters for the year ended December 31, 2012.

(2) Our contract to provide services to the Italian Ministry of Civil Protection expired in June 2013.

The Company performs ongoing credit evaluations of its customers and believes it has made adequate provisions for potential credit losses. The Company does not generally require collateral on accounts receivable; however, under certain circumstances, the Company obtains a letter of credit or requires prepayment prior to performing services. The Company estimates its allowance for doubtful accounts using a specific identification method based on an evaluation of payment history, the customer's credit situation, and other factors. At December 31, 2014, four customers made up 41.7% of the Company's accounts receivable balance. At December 31, 2013, three customers made up 41.7% of the Company's accounts receivable balance. Allowance for doubtful accounts was \$0.7 million and \$1.0 million at December 31, 2014 and 2013, respectively.

The following is a summary of customers that accounted for at least 10% of the total current and non-current trade receivables as of December 31, 2014 and December 31, 2013:

	December 31, 2014		December 31, 2013	
Fluor	14.4	%	19.4	%
Alion Science and Technology Corporation	11.8	%	—	%
Army Contracting Command – Rock Island	4.7	%	13.8	%
Hellenic Fire Brigade ⁽¹⁾	10.8	%	8.5	%
	41.7	%	41.7	%

On May 23, 2012, the Company entered into a three year agreement with the NATO Maintenance and Supply Agency (“NAMSA”), pursuant to which the Company agreed to supply aerial firefighting services in Greece for the 2012 to 2014 firefighting seasons. Prior to the agreement with NAMSA, the Company contracted directly with the Hellenic Fire Brigade to provide firefighting services in Greece. At December 31, 2013, the receivable from Hellenic Fire Brigade was classified in other non-current assets due to the long-term nature of obtaining resolution regarding the Company's permanent establishment status in Greece.

The Company operates within the aviation industry where certain vendors constitute the sole source for FAA-approved parts. The loss of certain suppliers could cause a material business disruption to the Company.

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

Collaborative Arrangements

The Company entered into a collaborative agreement during the year ended December 31, 2013 for the ongoing development and testing of composite main rotor blades for the Aircrane and the CH-54. The agreement calls for the parties to equally share costs associated with the completion of testing. Under the agreement, once the testing and certifications are completed, the Company maintains the sole and exclusive right to sell the blades for the S-64E and S-64F helicopters to third parties. The purchaser of the intellectual property received the sole and exclusive right to sell the composite blades for the CH-54A and CH-54B helicopters to third parties. The initial sale of the intellectual property to the counterparty of the collaborative agreement was recorded in net revenues on the Company's consolidated statements of comprehensive income (loss) for the year ended December 31, 2013. The Company's portion of ongoing project costs, to the extent they qualify for capitalization on the Company's consolidated balance sheets, are included as aircraft support parts, net and property, plant, and equipment, net. The Company's portion of

these costs that are to be expensed as incurred are classified on the Company's consolidated statements of comprehensive income (loss) as research and development expense.

Fair Value Measurements

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

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

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

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

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

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

The Level 3 assets measured at fair value on a nonrecurring basis include Company's goodwill of \$215.2 million and \$235.0 million as of December 31, 2014 and 2013, respectively.

Derivative Instruments and Hedging Activities

The Company is subject to exposures that arise from foreign currency movements between the date the foreign currency transactions are recorded and the date they are settled. The Company's exposure to foreign currency movements is partially mitigated through naturally offsetting asset and liability currency positions. The Company periodically enters into foreign currency hedging transactions to mitigate risk of foreign currency movements in Europe, Australia, and Canada. A significant percentage of the Company's revenues are denominated in a currency other than the U.S. dollar, whereas a substantial portion of its costs are incurred in U.S. dollars. The Company uses hedging strategies to manage and minimize the impact of exchange rate fluctuations on its profits. The Company did not have any open foreign currency forward contracts at December 31, 2014 or 2013. (See "Note 18-Derivative Instruments and Hedging Activities")

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

Variable Interest Entities

An entity is generally considered a Variable Interest Entity (VIE) that is subject to consolidation under ASC 810-Consolidation, if the total equity investment at risk is not sufficient for the entity to finance its activities without additional subordinated financial support; or as a group, the holders of the equity investment at risk lack any one of the following characteristics: (a) the power, through voting rights or similar rights, to direct the activities that most significantly impact the entity's economic performance; (b) the obligation to absorb expected losses of the entity; (c) the right to receive the expected residual returns of the entity. (See "Note 20-Variable Interest Entities")

Environmental Remediation

The Company is subject to federal and state requirements for protection of the environment, including those for discharge of hazardous materials and remediation of contaminated sites. The Company periodically assesses, based on environmental studies, expert analyses and legal reviews, the Company's contingencies, obligations and commitments for remediation of contaminated sites, including assessments of ranges and probabilities of recoveries from other responsible parties who have and have not agreed to a settlement and of recoveries from insurance carriers. The Company immediately accrues and charges to current expense identified exposures related to environmental remediation sites based on its best estimate within a range of potential exposure for investigation, cleanup and monitoring costs to be incurred. (See "Note 16-Commitments and Contingencies").

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Research and Development Costs

Research and development costs predominately consist of internal labor costs and engineering tooling design costs, which are charged to expense when incurred. The Company's research and development expense totaled \$3.8 million, \$4.0 million and \$4.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Earnings (Loss) per Common Share

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

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

For the year ended December 31, 2014, the computation of both basic and diluted loss per common share included 13,800,494 shares of outstanding common stock, as the Company was in a loss position for the year. For the year ended December 31, 2013, the computation of basic and diluted earnings (loss) per common share included 11,221,005 and 11,834,506 shares of outstanding common stock, respectively. For the year ended December 31, 2012, 6,981,027 shares of outstanding common stock was used in the computation of both basic and diluted earnings (loss) per common share, as there was no dilutive potential common shares. For the years ended December 31, 2014, 2013, and 2012, the computation of diluted earnings (loss) per common share excluded 18,169, 16,458, and 158,557 shares, respectively, due to their anti-dilutive effect.

Comprehensive Income (Loss)

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

Segment Reporting

In accordance with guidance in FASB ASC 280-Segment Reporting ("ASC 280"), the Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. Prior to May 2, 2013, the Company's reportable operating segments were Aerial services, which consisted of firefighting, timber harvesting, infrastructure construction, and crewing, and Manufacturing/MRO, which consisted of aftermarket support and maintenance, repair, and overhaul ("MRO") services for the Airplane and other aircraft and the remanufacture of Airplanes and related components. The Company completed its acquisition of EHI on May 2, 2013, and as a result of the acquisition, the Company established new reportable operating segments to assess performance by type of customer: Government and Commercial. Segment data for prior periods has been reclassified to reflect the establishment of the Government and Commercial segments. The Government segment includes firefighting, defense and security, and transportation and other operating segments, as these lines of business are primarily contracted with government customers. The Commercial segment includes both timber harvesting and infrastructure construction operating segments, as these lines of business are primarily contracted with commercial customers.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (FASB) issued accounting standards update (“ASU”) No. 2013-11 “Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists,” to resolve the diversity in practice in the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. Although permitted by the ASU, the Company did not elect early adoption or retrospective application. As such, the ASU became effective prospectively for the Company as of its first quarter of 2014. As of December 31, 2014, the Company did not have any unrecognized tax benefits that meet the conditions described by the ASU; accordingly, the ASU did not have any impact on the Company’s results of operations or financial position.

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In May 2014, the FASB issued ASU 2014-9, "Revenue from Contracts with Customers (Topic 606)," which supersedes the revenue recognition requirements in ASC 605, "Revenue Recognition." This ASU requires revenue to be recognized to reflect the consideration an entity expects to be entitled to in exchange for the transfer of goods or services to customers in the appropriate period. This ASU also requires disclosures enabling users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract are required. The Company will be required to implement this guidance in the first quarter of fiscal year 2017, using one of the two prescribed retrospective methods. No early adoption is permitted. The Company has not yet determined the effect of the adoption on the consolidated financial statements.

There have been no other recent accounting pronouncements or changes in accounting pronouncements during the year ended December 31, 2014 that are of significance, or potential significance, to the Company.

Note 3. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consisted of the following (in thousands):

	December 31, 2014	December 31, 2013
Trade accounts receivable	\$42,296	\$60,190
Other receivables	2,793	6,788
Less: allowance for doubtful accounts	(739	) (991
	\$44,350	\$65,987

Following are the changes in the allowance for doubtful accounts during the year ended (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Balance at beginning of period	\$991	\$460	\$476
Additions	137	634	12
Amounts written-off net of recovered	(389	) (103	) (28
Balance at end of period	\$739	\$991	\$460

During the year ended December 31, 2014, the Company had bad debt recoveries of \$0.2 million. During the year ended December 31, 2013 and 2012, the Company had bad debt expense of \$0.7 million and \$0.1 million, respectively.

Note 4. Aircraft Support Parts, net

Aircraft support parts, net consists of aircraft parts and work-in-process which are valued at the lower of cost or market utilizing the first-in first-out method. Costs capitalized in aircraft support parts include materials, labor, and operating overhead. Work-in-process consists of remanufactured aircraft in various stages of production and in-process aircraft support parts. Upon completion of an aircraft remanufacture, based on the demand for the Company's services, the Company may transfer an aircraft into its fleet. As of December 31, 2014 and December 31, 2013, there were one and zero aircraft being remanufactured, respectively.

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

	December 31, 2014	December 31, 2013
Aircraft parts	\$124,629	\$115,400
Work-in-process	18,604	17,296

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Less: Excess and obsolete reserve	(5,640) (6,000)
	\$ 137,593	\$ 126,696	

Following are the changes in the excess and obsolete reserve during the years ended (in thousands):

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	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Balance at beginning of period	\$(6,000	) \$(6,060	) \$(5,050
Increase in reserves	(117	) (585	) (1,662
Amounts written off	477	645	652
Balance at end of period	\$(5,640	) \$(6,000	) \$(6,060

Note 5. Aircraft and Property, Plant and Equipment
Aircraft, net consisted of the following (in thousands):

	December 31, 2014	December 31, 2013
Aircraft	\$162,246	\$151,044
Less: Accumulated depreciation	(34,025	) (23,865
	\$128,221	\$127,179

The following table represents the changes in aircraft employed in the Company's fleet as of December 31, 2012, 2013, and 2014 respectively.

	Aircraft	Total Aircraft Employed
Aircraft in our fleet as of December 31, 2012		21
Aircraft transferred from inventory	2	
Aircraft removed from fleet for maintenance	(1)	
Aircraft purchased as part of the EHI acquisition	28	
Aircraft purchased as part of the Air Amazonia acquisition	6	
Aircraft leased as part of the EHI acquisition	35	
Aircraft leased subsequent to the EHI acquisition	1	
Aircraft returned to the lessor during the period	(2)	
Aircraft in our fleet as December 31, 2013		90
Aircraft purchased	2	
Aircraft returned to lessor	(2)	
Aircraft sold	(4)	
Aircraft in our fleet at December 31, 2014		86

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

	December 31, 2014	December 31, 2013
Land and land improvements	\$308	\$308
Buildings	7,926	7,597
Vehicles and equipment	29,500	29,598
Deferred overhauls, net	86,768	68,773
Construction-in-progress	15,926	19,923
	140,428	126,199
Less: Accumulated depreciation and amortization	(19,793	) (16,817
	\$120,635	\$109,382

During the years ended December 31, 2014, 2013, and 2012, depreciation expense was \$17.8 million, \$13.4 million, and \$9.0 million, respectively. During the years ended December 31, 2014, 2013, and 2012, amortization expense associated with deferred overhauls was \$14.7 million, \$18.1 million, and \$12.7 million, respectively.

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Repairs and maintenance costs were \$22.9 million, \$20.0 million and \$15.9 million for the years ended December 31, 2014, 2013, and 2012, respectively.

During the second quarter of 2014, the Company completed a sale-leaseback transaction pursuant to which the Company sold one S-64 Airplane for a total purchase price of \$24.7 million. The net book value of the Airplane at the date of the transaction was \$12.3 million. The lease has an initial term of seven years commencing on June 30, 2014, and base lease payments of approximately \$264 thousand per month. The Company has the right to purchase the aircraft back from the lessor at the end of the fourth year of the lease term at a purchase price based upon the fair market value at that time. At the end of the term of the lease, the lessor has a put right to sell the aircraft back at a purchase price based on the fair market value at that time. The Company has accounted for the transaction as a sale-leaseback under ASC 840-40 "Sale-Leaseback Transactions". The profit on the sale was deferred and will be recognized ratably over the term of the lease as a reduction to rent expense. The current portion of the deferred gain of \$1.8 million is included in other current liabilities, and the non-current portion of deferred gain of \$9.7 million is included in other non-current liabilities in the consolidated balance sheet as of December 31, 2014.

Note 6. Acquisitions

Evergreen Helicopters, Inc.

On May 2, 2013, the Company completed its acquisition of EHI, based in McMinnville Oregon, and prior to the acquisition, a wholly owned subsidiary of Evergreen International Aviation ("EIA"). EHI operates a fleet of aircraft of varying rotary-wing and fixed-wing types for a wide range of passenger transport and light, medium and heavy load-carrying missions. The assets purchased and liabilities assumed for EHI have been reflected in the Company's consolidated balance sheet as of December 31, 2014 and December 31, 2013, and the results of operations of EHI are included in the Company's consolidated statements of comprehensive income (loss) since the closing date of the acquisition. Intangible assets included goodwill of \$231.6 million, customer relationships of \$19.3 million amortized over a period of nine years, and trade names of \$0.4 million amortized over a period of 6 months. The goodwill and other intangible assets totaling \$251.3 million are amortized over a 15-year period for tax purposes. The final total purchase price consideration transferred for EHI was \$298.0 million.

Pro Forma Results of Operations (Unaudited)

The following pro forma information presents a summary of the Company's results of operations assuming the EHI acquisition had occurred at the beginning of the period presented. The pro forma results include the straight-line amortization associated with acquired intangible assets consisting of customer relationships of \$19.3 million amortized over a period of nine years and trade names of \$0.4 million amortized over a period of six months, fair value adjustments to depreciable property, plant, and equipment assets, and interest expense associated with debt used to fund the acquisition. The following pro forma information assumes the shares of Series A Preferred Stock had converted into the same number of shares of common stock at the beginning of the period presented. To better reflect the combined operating results, significant nonrecurring acquisition-related expenses directly attributable to the transaction have been excluded. In addition, the pro forma results do not include any anticipated synergies or other expected benefits of the acquisition. Accordingly, the unaudited pro forma information is not necessarily indicative of the results that would have occurred if the acquisition had been completed at the beginning of the period presented, nor is it necessarily indicative of future results.

	Year Ended December 31, 2013	Year Ended December 31, 2012
Net revenues	\$378,696	\$379,270

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Net income attributable to common stockholders	18,626	17,684
Net income per share attributable to common stockholders:		
Basic	1.35	1.61
Diluted	1.35	1.61
Weighted average shares outstanding ⁽¹⁾ :		
Basic	13,768,836	10,989,466
Diluted	13,793,844	10,989,466

(1) Weighted average shares outstanding for the purposes of the above pro forma calculation assume the Convertible Redeemable Preferred Stock of 4,008,439 shares converted to the same number of shares of common stock at the beginning of the period presented.

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During the years ended December 31, 2014 and December 31, 2013, the Company incurred approximately \$1.1 million and \$8.9 million in EHI acquisition and integration-related expenses, respectively, which are included in general and administrative expenses.

Air Amazonia

On September 3, 2013, the Company completed its acquisition of Air Amazonia, the aerial services business of HRT, based in Brazil, including a fleet of six rotor wing aircraft and ground facilities. This fleet serves oil and gas activities in the Solimoes region of Brazil. In addition to the acquired fleet, the Company also had the right of first refusal on all helicopter services in the Solimoes region of Brazil from HRT as operator, as well as on all helicopter services in all of Brazil (including offshore) from HRT. Our original contract with HRT had expired effective September 2, 2014. In January 2015 we began a new two-year contract with PetroRio (formerly HRT) for transport of personnel to near-shore oil rigs.

In connection with the acquisition of Air Amazonia, consideration transferred included cash of \$23.0 million at closing for the business, which includes a fully-operational fleet of six rotary-wing aircraft of varying types and mission capabilities, and an additional \$3 million due within 12 months of closing.

During the years ended December 31, 2014 and December 31, 2013, the Company incurred approximately \$0.5 million and \$1.5 million in Air Amazonia acquisition and integration-related expenses, respectively, which are included in general and administrative expenses.

The assets purchased and liabilities assumed for Air Amazonia have been reflected in the Company's consolidated balance sheet as of December 31, 2014 and December 31, 2013, and the results of operations of Air Amazonia are included in the Company's consolidated statements of comprehensive income (loss) since the closing date of the acquisition. During the third quarter of 2014 the Company finalized the purchase accounting related to the acquisition, including the working capital adjustment receivable under the purchase agreement of \$1.0 million, goodwill of \$5.3 million, and \$2.5 million in customer relationship intangibles, for a final total purchase price consideration of \$26.0 million.

Note 7. Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2014, are as follows (in thousands):

	Government Segment	Commercial Segment	Total
Balance at January 1, 2014			
Goodwill, gross	\$ 231,627	\$ 3,351	\$ 234,978
Accumulated impairment losses	—	—	—
Goodwill, net	231,627	3,351	234,978
Activity during 2014			
Impairment losses	(21,272	) —	(21,272
Purchase accounting adjustments for Air Amazonia	—	1,928	1,928
Fluctuations due to foreign currency translation adjustments	—	(393	) (393
Balance at December 31, 2014			
Goodwill, gross	231,627	4,886	236,513
Accumulated impairment losses	(21,272	) —	(21,272
Goodwill, net	\$ 210,355	\$ 4,886	\$ 215,241

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Conditions that would trigger an impairment assessment, include, but are not limited to, a significant adverse change in legal factors or in the business climate that could affect the value of an asset or an adverse action.

The goodwill impairment test involves a two-step process pursuant to ASC 350-20-35. The first step compares the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, the second step of the impairment test is to measure the amount of impairment loss. In the second step, the reporting unit's fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that

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calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment loss.

During the second quarter of 2014, the Company performed the annual impairment review for EHI, which is considered a reporting unit for the purposes of that analysis. The Company compared business unit book value to its fair value, determined through the income approach, and concluded step two of the impairment test should be performed.

For the purposes of step two analysis, the Company estimated the fair value of EHI reporting unit using income approach. The income approach estimates fair value by discounting the future cash flows expected to be generated by the business unit to their present value. The Company believes this is the most reliable indicator of fair value and is consistent with the approach a market place participant would use. Based on the Company's step two analysis, the implied fair value of goodwill was lower than its carrying value. As a result, the Company recorded an impairment charge of \$21.3 million against the carrying amount of goodwill during the year ended December 31, 2014. The impairment charge is included in impairment of goodwill on the consolidated statements of comprehensive income (loss).

The estimation of fair value utilizing the above approach includes numerous uncertainties which require significant judgment when making assumptions of the cost of capital, expected growth rates, selection of discount rates, as well as assumptions regarding general economic and business conditions, among other factors. Key assumptions used in measuring the implied fair value of goodwill included a discount rate of 10%, effective tax rate of 38%, terminal EBITDA multiple of 7.0, and utilizing excess earnings method to value the customer relationship intangible.

During the third quarter of 2014, the Company performed the annual goodwill impairment review for the Oil and Gas business, which is considered a reporting unit, under our commercial operating segment, for the purposes of that analysis. The goodwill originated as a result of purchase price accounting for Air Amazonia acquisition, see "Note 6-Acquisitions". The Company assessed qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. As a result of this qualitative assessment, the Company determined it was not necessary to perform the step one of the goodwill impairment test.

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Note 8. Other Intangible Assets, net

Other intangible assets, net consisted of the following (in thousands):

	Useful Life (in years)	December 31, 2014	December 31, 2013
Customer Relationships (EHI)	9	\$ 19,300	\$ 19,300
Customer Relationships (Air Amazonia)	9	2,500	2,500
Type Certificate ⁽¹⁾	Indefinite	2,205	2,205
		24,005	24,005
Less: Accumulated amortization		(3,952)	(1,521)
		\$ 20,053	\$ 22,484

⁽¹⁾ The Type Certificate included in intangible assets is the Type Certificate for engines used in the Airplane, purchased individually during 2013.

During the year ended December 31, 2014 amortization expense for intangible assets was \$2.4 million and was recorded in cost of sales. Estimated amortization expense for intangible assets for future periods, as of December 31, 2014, is as follows (in thousands):

	Intangible Asset Amortization
2015	\$ 2,421
2016	2,421
2017	2,421
2018	2,421
2019	2,421
Thereafter	5,743
Total	\$ 17,848

Note 9. Accrued and Other Current Liabilities

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

	December 31, 2014	December 31, 2013
Payroll and related taxes	\$ 6,069	\$ 12,004
Deferred maintenance on aircraft ⁽¹⁾	—	9,694
Interest	5,542	5,142
Accrued commissions	1,301	1,074
Deferred revenue	795	1,210
Deferred gain on sale-leaseback	1,760	—
Other	3,567	12,109
	\$ 19,034	\$ 41,233

⁽¹⁾ In connection with the acquisition of EHI, the Company pre-negotiated accelerated timelines and return-to-service obligations with the lessors of certain EHI leased aircraft in exchange for obtaining consent for the transfer of the leases to the Company. The liability was estimated based on historical maintenance costs incurred for the same or like components.

Note 10. Debt

Outstanding debt consisted of the following (in thousands):

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	December 31, 2014		December 31, 2013	
	Current	Long-term	Current	Long-term
2020 Senior Notes	\$—	\$355,000	\$—	\$355,000
Revolving Credit Facility	—	89,339	—	68,086
2020 subordinated notes, net of discount	4,000	12,486	—	16,160
Fixtures financing	144	265	—	—
Total	\$4,144	\$457,090	\$—	\$439,246

2020 Senior Notes Offering

On May 2, 2013, the Company closed its \$400.0 million aggregate principal note offering. The 2020 Senior Notes bear interest at 8.25%, are second priority senior secured obligations, and are due in 2020. The 2020 Senior Notes are guaranteed by certain of the Company's existing and future domestic subsidiaries.

The Company used the net proceeds of the offering to (i) finance a portion of the purchase price for the EHI acquisition, (ii) refinance its 2015 Subordinated Notes and 2016 Subordinated Notes, (iii) refinance its prior senior secured asset-based revolving credit facility, comprised of the Term Debt and Revolving Line of Credit, (iv) pay related fees and expenses, and (v) used the remaining cash to fund operations.

The indenture under which the 2020 Senior Notes were issued, among other things, limits the Company's ability and the ability of its restricted subsidiaries to: (i) pay dividends or distributions, repurchase equity, prepay subordinated debt or make certain investments; (ii) incur additional debt or issue certain disqualified stock and preferred stock; (iii) incur liens on assets; (iv) merge or consolidate with another company or sell all or substantially all assets; (v) enter into transactions with affiliates; and (vi) allow to exist certain restrictions on the ability of the guarantors to pay dividends or make other payments to the Company.

The 2020 Senior Notes are secured by second-position liens, subject to certain exceptions and permitted liens, on substantially all of the Company and the guarantors' existing and future assets that secure the Company's new Revolving Credit Facility.

The interest rate on the 2020 Senior Notes is fixed at 8.25%. The outstanding balance under the 2020 Senior Notes at December 31, 2014 and December 31, 2013 was \$355.0 million.

A total of \$46.0 million of the net proceeds were initially deposited in escrow, consisting of \$45.0 million of aggregate principal and \$1.0 million related to anticipated interest, to be used toward the acquisition of Air Amazonia. Pursuant to the terms of the 2020 Senior Notes, these proceeds of the offering were not released from escrow to consummate the Air Amazonia acquisition before July 31, 2013, and as a result, an aggregate principal amount of 2020 Senior Notes equal to \$45.0 million were redeemed, on a pro rata basis, on August 5, 2013 pursuant to a special mandatory redemption, at a price equal to 100% of the principal amount of the 2020 Senior Notes being redeemed, plus accrued and unpaid interest to, but not including, August 5, 2013. The Company funded the purchase price of the Air Amazonia acquisition with borrowings from its Revolving Credit Facility during 2013 (see "Note 6 —Acquisitions").

On May 2, 2014, the Company commenced an offer (the "Exchange Offer") to exchange all \$355.0 million aggregate principal amount of its outstanding 8.25% Second Priority Senior Secured Notes due 2020, which were not registered under the Securities Act of 1933 (the "Old Notes"), for an equal principal amount of new 8.25% Second Priority Senior Secured Notes due 2020 which have been registered under the Securities Act of 1933 (the "New Notes"). The Exchange Offer was completed on June 6, 2014.

Revolving Credit Facility

On May 2, 2013, the Company entered into the Revolving Credit Facility, providing a new \$100.0 million, five-year revolving credit facility with a group of financial institutions led by Wells Fargo Bank N.A. and including Bank of the West, Deutsche Bank Trust Company Americas, and HSBC Bank USA NA. On June 14, 2013, the Revolving Credit Facility was amended to increase the maximum aggregate amount that the Company may borrow from \$100.0 million to \$125.0 million, and on March 11, 2014 it was amended to increase the maximum amount that the Company may borrow to \$140.0 million. The interest rate under the Revolving Credit Facility is 225-450 basis points over LIBOR/Prime base rate depending on the Company's senior leverage ratio. The proceeds under the Revolving Credit Facility are primarily used for general corporate purposes.

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The Company and each of the Company's current and future, direct and indirect, material subsidiaries guarantee the indebtedness under the Revolving Credit Facility on a senior secured first lien basis.

The Revolving Credit Facility contains certain financial covenants including, without limitation, a minimum fixed charge coverage ratio of 1.20:1.00 if the Company's average excess availability, as calculated pursuant to the terms of the Revolving Credit Facility, is greater than \$16.8 million or 1.05:1.00 if the Company's average excess availability, as calculated pursuant to the terms of the Revolving Credit Facility, is less than or equal to \$16.8 million. The fixed charge coverage ratio has multiple inputs, including, but not limited to, bank EBITDA, maintenance capital expenditures, and cash paid for interest and taxes. The Company's fixed charge coverage ratio as of December 31, 2014 and 2013 was 1.53:1.00 and 2.66:1.00, respectively. The Revolving Credit Facility also imposes an annual growth capital expenditures limit of approximately \$25.0 million, subject to standard carry-over provisions. The Company was in compliance with the financial covenants as of December 31, 2014 and December 31, 2013.

The Revolving Credit Facility includes mandatory prepayment requirements for the certain types of transactions, including, without limitation, requiring prepayment from (a) proceeds that the Company receives as a result of certain asset sales, subject to re-investment provisions on terms to be determined, and (b) proceeds from extraordinary receipts.

The outstanding balance under the Revolving Credit Facility at December 31, 2014 and December 31, 2013 was \$89.3 million and \$68.1 million, respectively. The weighted average interest rate for borrowings under the Revolving Credit Facility for the year ended December 31, 2014 was 5.09%. The interest rate at December 31, 2014 and December 31, 2013 was 5.02% and 5.06%, respectively. As of December 31, 2014 and December 31, 2013 the Company had \$4.7 million and \$5.1 million in outstanding standby letters of credit under the Revolving Credit Facility, respectively, and maximum borrowing availability was \$46.0 million and \$51.8 million as of December 31, 2014 and December 31, 2013, respectively.

2020 Subordinated Notes

Pursuant to the terms of the EHI stock purchase agreement, the consideration included \$17.5 million of the Company's subordinated notes. The subordinated notes accrue interest at a fixed rate of 6.0% per annum, mature on November 2, 2020, and may be prepaid at the Company's option. Upon an event of default under the subordinated notes, the interest rate will increase to 8.0% per annum until the event of default is cured. The Company has agreed to pay, in cash, quarterly installments of interest only (in arrears) until March 31, 2015, after which date the Company has agreed to pay, in addition to such interest, on a quarterly basis \$1.0 million in principal. Upon any refinancing of the 2020 Senior Notes or the Revolving Credit Facility the principal amount of the subordinated notes with all accrued interest thereon will become due and payable. Upon a change of control, the principal amount together with all accrued interest shall forthwith be due and payable. Until the principal amount of the subordinated notes together with all accrued interest thereon has been paid in full, the Company and its subsidiaries may not declare or pay any dividend, make any payment on account of, or take certain other actions in respect of any of the Company or its subsidiaries' equity interests, subject to certain exceptions.

For purchase accounting of the EHI acquisition, the fair value of the subordinated notes was estimated at \$15.9 million, assuming a market level borrowing rate of 9.00%. As of December 31, 2014, the carrying value of the 2020 Subordinated Notes was \$16.5 million, made up of the face value of \$17.5 million net of the unamortized discount of \$1.0 million. As of December 31, 2013, the carrying value of the 2020 Subordinated Notes was \$16.2 million, made up of the face value of \$17.5 million net of the unamortized discount of \$1.3 million. The weighted average interest rate for borrowings under the 2020 Subordinated Notes was 6.00% during the year ended December 31, 2014.

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The following table presents the Company's required principal payments for the next five years and thereafter (in thousands):

	2020 Senior Notes	Revolving Credit Facility	2020 Subordinated Notes	Fixtures financing	Total
2015	\$—	\$—	\$4,000	\$144	\$4,144
2016	—	—	4,000	149	4,149
2017	—	—	4,000	116	4,116
2018	—	89,339	4,000	—	93,339
2019	—	—	1,500	—	1,500
Thereafter	355,000	—	—	—	355,000
Total future debt principal payments	\$355,000	\$89,339	\$17,500	\$409	\$462,248

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Note 11. Consolidating Financial Information

Certain of the Company's subsidiaries have guaranteed its obligations under the \$355.0 million outstanding principal amount of 8.25% notes due 2020. The following presents the condensed consolidating financial information for:

Erickson Incorporated (the "Parent Company"), the issuer of the guaranteed obligations;

Guarantor subsidiaries, on a combined basis, as specified in the indenture related to the Company's obligations under the 2020 Senior Notes;

Non-guarantor subsidiaries, on a combined basis;

Consolidating entries and eliminations representing adjustments to (a) eliminate intercompany transactions between or among the Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries, (b) eliminate the investments in the Company's subsidiaries, and (c) record consolidating entries; and

Erickson Incorporated and Subsidiaries on a consolidated basis

Each guarantor subsidiary was 100% owned by the Parent Company as of the date of each condensed consolidating balance sheet presented. The 2020 Senior Notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements, except for the use by the Parent Company and guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation. Changes in intercompany receivables and payables related to operations, such as intercompany sales or service charges, are included in cash flows from operating activities. All figures presented are in thousands.

Table of ContentsCondensed Consolidating Balance Sheet
December 31, 2014

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated	
Assets						
Current assets:						
Cash and cash equivalents	\$7	\$274	\$ 4,816	\$—	\$5,097	
Restricted cash	136	—	431	—	567	
Accounts receivable, net	13,117	26,199	4,990	44	44,350	
Prepaid expenses and other current assets	6,506	1,171	1,103	—	8,780	
Income tax receivable	320	—	335	22	677	
Deferred tax assets	1,440	—	(210	) —	1,230
Total current assets	21,526	27,644	11,465	66	60,701	
Aircraft support parts, net	106,721	30,482	435	(45	) 137,593
Aircraft, net	82,799	42,405	3,017	—	128,221	
Property, plant and equipment, net	70,732	47,762	2,141	—	120,635	
Goodwill	—	210,356	5,647	(762	) 215,241
Other intangible assets, net	2,205	15,726	2,122	—	20,053	
Other non-current assets	323,332	4,337	501	(305,093	) 23,077
Total assets	\$607,315	\$378,712	\$ 25,328	\$(305,834	) \$705,521
Liabilities and stockholders' equity (deficit)						
Current liabilities:						
Accounts payable	\$6,021	\$11,465	\$ 2,358	\$—	\$19,844	
Current portion of long-term debt	4,144	—	—	—	4,144	
Accrued and other current liabilities	(54,577	) 49,166	24,998	(553	) 19,034
Income tax payable	(397	) —	137	575	315
Deferred tax liabilities	884	—	—	—	884	
Total current liabilities	(43,925	) 60,631	27,493	22	44,221
Long-term debt, less current portion	12,751	—	—	—	12,751	
Long-term revolving credit facilities	89,339	—	—	—	89,339	
Long-term notes payable	355,000	—	—	—	355,000	
Other long-term liabilities	12,410	708	63	—	13,181	
Uncertain tax positions	6,313	—	—	—	6,313	
Deferred tax liabilities	5,061	—	(1,358	) —	3,703
Total liabilities	436,949	61,339	26,198	22	524,508	
Stockholders' equity (deficit):						
Common stock	1	—	1,675	(1,675	) 1
Additional paid-in capital	181,018	297,994	33	(298,027	) 181,018
Retained earnings (accumulated deficit)	(8,993	) 19,379	(3,171	) (5,403	) 1,812
Accumulated other comprehensive income (loss)	(1,660) —	(41) (843) (2,544)
Total stockholders' equity (deficit) attributable to Erickson Incorporated	170,366	317,373	(1,504	) (305,948	) 180,287
Noncontrolling interest	—	—	634	92	726	
Total stockholders' equity (deficit)	170,366	317,373	(870	) (305,856	) 181,013
Total liabilities and stockholders' equity	\$607,315	\$378,712	\$ 25,328	\$(305,834	) \$705,521

Table of ContentsCondensed Consolidating Balance Sheet
December 31, 2013

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$576	\$(12)	\$ 1,317	\$—	\$1,881
Restricted cash	151	364	2,368	—	2,883
Accounts receivable, net	17,290	40,560	8,024	113	65,987
Prepaid expenses and other current assets	1,878	582	900	—	3,360
Income tax receivable	70	—	65	—	135
Deferred tax assets	3,372	—	343	—	3,715
Total current assets	23,337	41,494	13,017	113	77,961
Aircraft support parts, net	93,719	33,022	—	(45)	126,696
Aircraft, net	88,242	35,236	3,701	—	127,179
Property, plant and equipment, net	70,145	37,825	1,412	—	109,382
Other intangible assets, net	2,205	17,870	2,409	—	22,484
Goodwill	—	231,626	4,114	(762)	234,978
Other non-current assets	325,768	7,133	816	(305,092)	28,625
Total assets	\$603,416	\$404,206	\$ 25,469	\$(305,786)	\$727,305
Liabilities and stockholders' equity (deficit)					
Current liabilities:					
Accounts Payable	\$8,179	\$17,889	\$ 2,967	\$—	\$29,035
Accrued and other current liabilities	(48,899)	66,513	23,592	27	41,233
Income tax payable	—	—	621	—	621
Total current liabilities	(40,720)	84,402	27,180	27	70,889
Long-term debt, less current portion	16,160	—	—	—	16,160
Long-term revolving credit facilities	68,086	—	—	—	68,086
Long-term notes payable	355,000	—	—	—	355,000
Other long-term liabilities	1,756	—	63	—	1,819
Uncertain tax positions	5,669	—	—	—	5,669
Deferred tax liabilities	16,745	—	30	—	16,775
Total liabilities	422,696	84,402	27,273	27	534,398
Stockholders' equity (deficit):					
Common stock	1	—	1,674	(1,674)	1
Additional paid-in capital	179,954	297,994	33	(298,027)	179,954
Retained earnings (accumulated deficit)	806	21,810	(5,142)	(5,370)	12,104
Accumulated other comprehensive income (loss)	(41)	—	997	(998)	(42)
Total stockholders' equity (deficit) attributable to Erickson Incorporated	180,720	319,804	(2,438)	(306,069)	192,017
Noncontrolling interest	—	—	634	256	890
Total stockholders' equity (deficit)	180,720	319,804	(1,804)	(305,813)	192,907
Total liabilities and stockholders' equity	\$603,416	\$404,206	\$ 25,469	\$(305,786)	\$727,305

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Condensed Consolidating Statement of Operations
Year Ended December 31, 2014

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net revenues:	\$ 151,502	\$ 163,094	\$ 55,663	\$(23,650)	\$ 346,609
Cost of revenues	94,545	145,054	47,328	(23,482)	263,445
Gross profit	56,957	18,040	8,335	(168)	83,164
Operating expenses:					
General and administrative	22,166	912	3,416	—	26,494
Research and development	3,782	—	—	—	3,782
Selling and marketing	8,432	593	429	(168)	9,286
Impairment of goodwill	—	21,272	—	—	21,272
Total operating expenses	34,380	22,777	3,845	(168)	60,834
Operating income (loss)	22,577	(4,737)	4,490	—	22,330
Other income (expense):					
Interest income (expense), net	(35,210)	20	(610)	—	(35,800)
Other income (expense), net	(3,600)	2,286	229	(108)	(1,193)
Total other income (expense)	(38,810)	2,306	(381)	(108)	(36,993)
Net income (loss) before income taxes and noncontrolling interest	(16,233)	(2,431)	4,109	(108)	(14,663)
Income tax expense (benefit)	(6,433)	—	2,001	—	(4,432)
Net income (loss)	(9,800)	(2,431)	2,108	(108)	(10,231)
Less: Net income related to noncontrolling interest	—	—	—	(61)	(61)
Net income (loss) attributable to Erickson Incorporated and common stockholders	\$(9,800)	\$(2,431)	\$ 2,108	\$(169)	\$(10,292)

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Condensed Consolidating Statement of Operations
Year Ended December 31, 2013

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net revenues:	\$ 161,500	\$ 128,109	\$ 52,852	\$(24,240)	\$ 318,221
Cost of revenues	98,347	100,429	47,543	(24,211)	222,108
Gross profit	63,153	27,680	5,309	(29)	96,113
Operating expenses:					
General and administrative	27,472	5,111	4,844	(61)	37,366
Research and development	4,000	—	—	—	4,000
Selling and marketing	6,803	780	123	49	7,755
Total operating expenses	38,275	5,891	4,967	(12)	49,121
Operating income (loss)	24,878	21,789	342	(17)	46,992
Other income (expense):					
Interest income (expense), net	(25,103)	1)	(73)	—)	(25,175)
Other expense, net	(5,515)	16)	33)	(365)	(5,831)
Total other income (expense)	(30,618)	17)	(40)	(365)	(31,006)
Net income (loss) before income taxes and noncontrolling interest	(5,740)	21,806)	302)	(382)	15,986)
Income tax expense	5,311	(5)	814)	—	6,120
Net income (loss)	(11,051)	21,811)	(512)	(382)	9,866)
Less: Net income related to noncontrolling interest	—	—	—	(209)	(209)
Net income (loss) attributable to Erickson Incorporated and common stockholders	\$(11,051)	\$ 21,811)	\$ (512)	\$ (591)	\$ 9,657)

Table of ContentsCondensed Consolidating Statement of Operations
Year Ended December 31, 2012

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net revenues:	\$153,213	\$—	\$ 57,797	\$(30,186)	\$180,824
Cost of revenues	94,158	—	55,473	(30,226)	119,405
Gross profit	59,055	—	2,324	40	61,419
Operating expenses:					
General and administrative	14,201	—	3,085	(54)	17,232
Research and development	4,683	—	—	—	4,683
Selling and marketing	5,953	—	104	14	6,071
Total operating expenses	24,837	—	3,189	(40)	27,986
Operating income (loss)	34,218	—	(865)	80	33,433
Other income (expense):					
Interest income (expense), net	(6,874)	—	(48)	(68)	(6,990)
Other expense, net	(359)	—	36	(271)	(594)
Total other income (expense)	(7,233)	—	(12)	(339)	(7,584)
Net income (loss) before income taxes and noncontrolling interest	26,985	—	(877)	(259)	25,849
Income tax expense	9,733	—	480	—	10,213
Net income (loss)	17,252	—	(1,357)	(259)	15,636
Less: Net income related to noncontrolling interest	—	—	—	(406)	(406)
Net income (loss) attributable to Erickson Incorporated	17,252	—	(1,357)	(665)	15,230
Dividends on Redeemable Preferred Stock	2,795	—	—	—	2,795
Net income (loss) attributable to common stockholders	\$14,457	\$—	\$ (1,357)	\$(665)	\$12,435

Table of ContentsCondensed Consolidating Statement of Cash Flows
Year Ended December 31, 2014

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	\$ (9,800)	\$ (2,431)	\$ 2,108	\$ (108)	\$ (10,231)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	23,366	10,769	768	—	34,903
Impairment of goodwill	—	21,272	—	—	21,272
Deferred income taxes	(8,224)	—	434	—	(7,790)
Non-cash income from satisfaction of return to service liability	—	(1,869)	—	—	(1,869)
Non-cash interest expense on debt	324	—	—	—	324
Stock-based compensation	861	—	—	—	861
Amortization of debt issuance costs	2,433	—	—	—	2,433
Gain on sale of equipment	(121)	(32)	(205)	—	(358)
Gain on involuntary conversion	—	(308)	—	—	(308)
Changes in operating assets and liabilities					
Accounts receivable	4,173	14,361	1,143	42	19,719
Prepaid expenses and other current assets	(4,628)	(588)	(328)	—	(5,544)
Income tax receivable	(210)	(3)	669)	(22)	434
Aircraft support parts, net	(17,900)	1,177	(517)	—	(17,240)
Other non-current assets	1,741	3,620	241	—	5,602
Accounts payable	(2,161)	(6,422)	(273)	—	(8,856)
Accrued and other current liabilities	(4,402)	(14,760)	(936)	(554)	(20,652)
Income tax payable	(407)	—	461	575	629
Other long-term liabilities	(54)	709	—	—	655
Net cash provided by (used in) operating activities	(15,009)	25,495	3,565	(67)	13,984
Cash flows from investing activities:					
Restricted cash	13	365	1,844	—	2,222
Proceeds from sale-leaseback of aircraft	24,660	—	—	—	24,660
Increase in other assets	—	—	(126)	—	(126)
Dividends paid to non-controlling interest	—	—	(136)	67	(69)
Purchases of aircraft and property, plant and equipment	(30,110)	(25,574)	(1,123)	—	(56,807)
Net cash provided by (used in) investing activities	(5,437)	(25,209)	459	67	(30,120)
Cash flows from financing activities:					
Proceeds from shareholders, net	414	—	—	—	414
Shares withheld for payment of taxes	(211)	—	—	—	(211)
Repayments of credit facilities	(206,686)	—	—	—	(206,686)
Borrowings from credit facilities	227,939	—	—	—	227,939
Other long-term borrowings	409	—	—	—	409
Debt issuance costs	(371)	—	—	—	(371)
Net cash provided by financing activities	21,494	—	—	—	21,494

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Effect of foreign currency exchange rates on cash and cash equivalents	(1,617) —	(525) —	(2,142)
Net increase (decrease) in cash and cash equivalents	(569	) 286	3,499	—	3,216	
Cash and cash equivalents at beginning of period	576	(12) 1,317	—	1,881	
Cash and cash equivalents at end of period	\$7	\$274	\$ 4,816	\$—	\$5,097	

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Table of ContentsCondensed Consolidating Statement of Cash Flows
Year Ended December 31, 2013

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	\$ (11,051)	\$ 21,811	\$ (512)	\$ (382)	\$ 9,866
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	25,535	7,400	393	—	33,328
Deferred income taxes	4,543	—	554	117	5,214
Non-cash interest expense on debt	1,877	—	—	—	1,877
Stock-based compensation	792	—	—	—	792
Write-off of debt issuance costs related to the early extinguishment of debt	215	—	—	—	215
Non-cash interest income on loans	(140)	—	—	—	(140)
Loss (gain) on sale of equipment	(25)	(23)	47	—	(1)
Loss on sale of term loan note receivable	3,441	—	—	—	3,441
Amortization of debt issuance costs	2,067	—	—	—	2,067
Changes in operating assets and liabilities:					
Accounts receivable	(5,866)	(15,440)	298	17	(20,991)
Prepaid expenses and other current assets	(614)	1,454	(413)	—	427
Income tax receivable, net	170	—	745	—	915
Aircraft support parts, net	(12,354)	(19,692)	—	45	(32,001)
Other non-current assets	(1,114)	(2,124)	107	—	(3,131)
Accounts payable	1,304	(21,376)	570	—	(19,502)
Accrued and other current liabilities	(45,424)	43,153	(1,080)	(2,999)	(6,350)
Income tax payable	—	—	(187)	(117)	(304)
Other long-term liabilities	(514)	—	—	—	(514)
Net cash provided by (used in) operating activities	(37,158)	15,163	522	(3,319)	(24,792)
Cash flows from investing activities:					
Acquisition of businesses, net of cash acquired	(235,029)	5,139	22	3,000	(226,868)
Purchases of aircraft and property, plant and equipment	(35,530)	(19,950)	(624)	—	(56,104)
Restricted cash	992	(364)	330	—	958
Purchase of intangible assets	(2,205)	—	—	—	(2,205)
Dividends paid to noncontrolling interest	—	—	(651)	310	(341)
Proceeds from sale of term loan note receivable	1,660	—	—	—	1,660
Increase in other assets	—	—	(35)	—	(35)
Net cash provided by (used in) investing activities	(270,112)	(15,175)	(958)	3,310	(282,935)
Cash flows from financing activities:					
Repayments of subordinated notes	(27,572)	—	—	—	(27,572)
Repayments of credit facilities	(250,215)	—	—	—	(250,215)
Borrowings from credit facilities	246,377	—	—	—	246,377

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Borrowing of notes	400,000	—	—	—	400,000
Repayment of notes	(45,000)) —	—	—	(45,000)
Debt issuance costs	(14,986)) —	—	—	(14,986)
Shares withheld for payment of taxes	(716)	) —	—	—	(716)
Net cash provided by financing activities	307,888	—	—	—	307,888
Effect of foreign currency exchange rates on cash and cash equivalents	(83)	) —	326	9	252
Net increase (decrease) in cash and cash equivalents	535	(12)	) (110)	) —	413
Cash and cash equivalents at beginning of period	41	—	1,427	—	1,468
Cash and cash equivalents at end of period	\$576	\$(12)) \$ 1,317	\$—	\$1,881

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Condensed Consolidating Statement of Cash Flows Year Ended December 31, 2012					
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	\$17,252	\$—	\$ (1,357)	\$ (259)	\$15,636
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	21,428	—	233	—	21,661
Deferred income taxes	2,682	—	—	—	2,682
Non-cash interest expense on debt	3,137	—	—	—	3,137
Stock-based compensation	2,118	—	—	—	2,118
Loss (gain) on sale of equipment	5	—	—	—	5
Amortization of debt issuance costs	1,174	—	—	—	1,174
Changes in operating assets and liabilities:					
Accounts receivable	(1,144)	—	3,811	12	2,679
Prepaid expenses and other current assets	2,496	—	307	—	2,803
Income tax receivable, net	1,011	—	(810)	—	201
Aircraft support parts, net	(27,355)	—	—	—	(27,355)
Accounts payable	2,313	—	(2,398)	—	(85)
Accrued and other current liabilities	422	—	(470)	247	199
Income tax payable	5,516	—	699	—	6,215
Other long-term liabilities	(2,912)	—	—	—	(2,912)
Net cash provided by operating activities	28,143	—	15	—	28,158
Cash flows from investing activities:					
Purchases of aircraft and property, plant and equipment	(22,695)	—	(41)	—	(22,736)
Restricted cash	198	—	1,240	—	1,438
Dividends paid to noncontrolling interest	(297)	—	—	—	(297)
Decrease (increase) in other assets	136	—	(33)	—	103
Net cash provided by (used in) investing activities	(22,658)	—	1,166	—	(21,492)
Cash flows from financing activities:					
Proceeds from issuance of common stock, net of expenses	31,454	—	—	—	31,454
Repayments of credit facilities	(327,063)	—	—	—	(327,063)
Borrowings from credit facilities	291,234	—	—	—	291,234
Debt issuance costs	(376)	—	—	—	(376)
Shares withheld for payment of taxes	(695)	—	—	—	(695)
Net cash used in financing activities	(5,446)	—	—	—	(5,446)
Effect of foreign currency exchange rates on cash and cash equivalents	—	—	(20)	—	(20)
Net increase in cash and cash equivalents	39	—	1,161	—	1,200
Cash and cash equivalents at beginning of period	2	—	266	—	268
Cash and cash equivalents at end of period	\$41	\$—	\$ 1,427	\$—	\$1,468

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Note 12. Income Taxes

The components of income (loss) before noncontrolling interest and income taxes are as follows (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Domestic	\$ (21,533	) \$ 13,200	\$ 24,407
Foreign	6,870	2,786	1,442
Income (loss) before noncontrolling interest and income taxes	\$ (14,663	) \$ 15,986	\$ 25,849

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

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Current income tax expense:			
U.S. federal income taxes	\$—	\$ 125	\$ 1,028
State and local income taxes	10	50	59
Foreign income taxes	3,684	2,107	6,444
Total current income tax expense	\$ 3,694	\$ 2,282	\$ 7,531
Deferred income tax expense (benefit):			
U.S. federal income taxes	\$ (8,115	) \$ 4,168	\$ 2,375
State and local income taxes	(555	) (185	) 303
Foreign income taxes	544	(145	) 4
Total deferred income tax expense (benefit)	\$ (8,126	) \$ 3,838	\$ 2,682
Total income tax expense (benefit)	\$ (4,432	) \$ 6,120	\$ 10,213

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

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Tax at U.S. statutory rate	\$ (5,132	) \$ 5,595	\$ 9,047
State taxes, net of federal benefit	(316	) 258	569
Nondeductible expenses	1,069	805	333
Foreign withholding taxes	1,722	1,442	1,031
Foreign tax rate differences - current year earnings	(327	) (485	) (55
Foreign tax rate differences - deemed dividends and unremitted earnings	789	—	—
Non-deductible receivable allowance	—	—	295
Tax credits	(2,800	) (1,755	) (7,155
Change in tax contingency items	42	72	5,964
Foreign tax attribute adjustment	—	(1,450) —
Valuation allowance	691	2,067	—
Other, net	(170	) (429	) 184
Total income tax expense (benefit)	\$ (4,432	) \$ 6,120	\$ 10,213

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

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	December 31, 2014	December 31, 2013
Deferred tax assets:		
Accrued liabilities and other reserves	\$2,227	\$2,405
Accrued benefits	490	661
Accrued incentive compensation	209	1,321
Inventory reserve	2,057	2,188
Deferred revenue from sale leaseback	4,169	—
Foreign tax credits	11,793	9,103
Research and other credits	763	775
Net operating loss carryforwards	17,862	14,461
Total deferred tax assets	39,570	30,914
Valuation allowance	(2,758	) (2,067
Net deferred tax assets	36,812	28,847
Deferred tax liabilities:		
Tax-over-book depreciation and amortization	(21,646	) (17,613
Basis difference in airframe support parts	(17,961	) (23,890
Prepaid expenses and deferred costs	(562	) (404
Total deferred tax liabilities	(40,169	) (41,907
Net deferred tax assets (liabilities)	\$(3,357	) \$(13,060
Net current deferred tax assets	\$346	\$3,715
Net noncurrent deferred tax liabilities	(3,703	) (16,775
Net deferred tax assets (liabilities)	\$(3,357	) \$(13,060

The Company's tax credit and loss carryforwards at December 31, 2014 are as follows (in thousands):

	December 31, 2014	Expiration
Federal net operating loss carryforward	42,864	2031 - 2034
Foreign tax credits	6,024	2018 - 2024
Federal research & experimentation credits	616	2029 - 2034
State net operating loss carryforwards	15,711	2015 - 2034
State tax credits	199	2015 - 2019

In accounting for income taxes, the Company recognizes deferred tax assets if realization of such assets is more likely than not. The Company believes based on factors including, but not limited to, the ability to generate future taxable income from reversing taxable temporary differences and forecasts of financial and taxable income or loss by jurisdiction, that as of December 31, 2014 it is more likely than not that the Company will realize all of its deferred tax assets, including its net operating loss carry forwards and tax credits, with the exception of those related to Malaysia where the Company has recorded a full valuation allowance against its net operating loss carryforwards. The Company's utilization of net operating loss carryforwards and credits may be subject to annual limitations due to ownership change provisions of Internal Revenue Code Sections 382 and 383.

The Company no longer intends to permanently reinvest the undistributed earnings of its foreign subsidiaries and the current year tax expense includes \$0.2 million for the deferred tax liabilities for future repatriations of unremitted earnings from all foreign subsidiaries. All future years earnings will include the U.S. tax effect of both actual and deemed repatriation.

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

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	December 31, 2014	December 31, 2013
Unrecognized tax benefits beginning of year	\$5,740	\$5,964
Gross increases - tax positions in prior periods	99	71
Gross decreases - tax positions in prior periods	(8	) (295
Gross increases - current period	507	—
Unrecognized tax benefits end of year	\$6,338	\$5,740

Unrecognized tax benefits for all periods presented include \$5.7 million for potential income taxes due if the Company were determined to have a permanent establishment in Greece. The Greek taxing authorities have recently completed their permanent establishment examination of the Company's 2010 and 2011 tax years and we expect to receive their audit findings in the coming weeks. Management continues to evaluate its permanent establishment position in Greece and believes it is reasonably possible a resolution could occur in the near future at which time the unrecognized tax benefit would be removed through successful resolution or settlement. Unrecognized tax benefits increased in 2014 and decreased in 2013 primarily due to positions associated with permanent establishment that could be challenged by taxing authorities although management believes the positions taken are appropriate. Payment of tax related to unrecognized tax benefits of both prior and current periods would result in a foreign tax credit in the United States which the Company included in its deferred assets.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in other income (expense), net. During the year ended December 31, 2014 the Company recognized approximately \$0.8 million in interest and penalties. The Company had a total of \$2.5 million of interest and penalties related to unrecognized tax benefits accrued at December 31, 2014.

The IRS has completed their income tax examination of the Company's 2012 tax year and notified the Company that they will expand the scope of their audit examination to include the 2013 tax year. At this time, the Company is not aware of any adjustments that will have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

The Italian tax authorities have examined our fiscal years 2008 to 2010. All assessments issued by the taxing authorities have either been appealed and await hearing or Management intends to appeal within the statutory timer period allowed.

The Malaysian taxing authorities have examined our fiscal years 2008 through 2011 and have proposed adjustments relating to certain withholding tax liabilities. Management does not believe the ultimate outcome of this audit will result in any material adjustments.

All material uncertain tax positions associated with the aforementioned audit examinations are reflected in the ending balance of unrecognized tax benefits at December 31, 2014 and 2013.

The Company is subject to income taxes in the U.S. and several foreign jurisdictions. Depending on the jurisdiction, the Company is generally no longer subject to examinations by tax authorities for years prior to the December 31, 2010 tax year.

Note 13. Authorized Capital Stock

On May 2, 2013, the Company purchased 100% of the outstanding share capital of EHI from EIA for consideration that included 4,008,439 shares of Series A Preferred Stock. The Series A Preferred Stock converted according to its terms, at the Company's option, into an equal number of shares of the Company's common stock, on August 20, 2013,

following the Company obtaining stockholder approval of the issuance of shares of its common stock upon such conversion under NASDAQ Marketplace Rules.

In April 2012, the Company completed its initial public offering of common stock. In connection with the initial public offering, the Company amended its certificate of incorporation to authorize the Company to issue up to 110,000,000 shares of common stock and up to 10,000,000 shares of preferred stock. Upon the closing of the initial public offering, all outstanding shares of Redeemable Preferred Stock and all outstanding shares of Class A Common Stock automatically converted into an aggregate of 4,802,970 shares of the Company's common stock.

The Board of Directors is authorized, at any time, to provide for the issuance of shares of preferred stock, in one or more series with such designations, preferences and rights, and such qualifications, limitations and restrictions, as shall be set forth in the resolutions of the Board of Directors providing for the issuance thereof.

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Note 14. Employee Benefit Plans

The Company maintains the Erickson Incorporated 401(k) Profit Sharing Plan for substantially all full-time U.S. employees. Under the plan, participating U.S. employees may defer up to 100% of their pretax salary, subject to the annual IRS limitation, which for the years ended December 31, 2014, 2013 and 2012 was \$17,500, \$17,500 and \$17,000, respectively. The Company may make a discretionary matching contribution, determined annually, equal to a uniform percentage or dollar amount per Plan participant. For the years ended December 31, 2014, 2013 and 2012, the Company contributed \$1.0 million, \$0.3 million and \$0.4 million, respectively.

Canadian Air-Crane Ltd. maintains a Group Registered Retirement Savings Plan for salaried employees in Canada. Under this plan, participating Canadian employees may defer up to 18% of their pretax salary, subject to an annual maximum amount which for the years ended December 31, 2014, 2013 and 2012 was C\$24,270, C\$23,820 and C\$22,970, respectively. The Company may contribute up to 2.5% of an employee's compensation. The Company contributed \$0.1 million under this plan for each of the years ended December 31, 2014, 2013 and 2012.

Note 15. Reportable Segments

The Company reports segment information based on the “management” approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company’s reportable segments. Prior to May 2, 2013, the Company’s reportable operating segments were Aerial services, which consisted of firefighting, timber harvesting, infrastructure construction, and crewing, and Manufacturing/MRO, which consisted of aftermarket support and maintenance, repair, and overhaul (“MRO”) services for the Airplane and other aircraft and the remanufacture of Airplanes and related components. On May 2, 2013, the Company completed its acquisition of EHI. As a result of the acquisition, the Company established new reportable operating segments to assess performance by type of customer: Government and Commercial. The Government segment includes firefighting, defense and security, and transportation and other operating segments, as these lines of business are primarily contracted with government customers. The Commercial segment includes both logging and construction operating segments, as these lines of business are primarily contracted with commercial customers.

The Company deploys its fleet of aircraft to maximize fleet utilization. When making fleet resource allocation decisions, the Company’s chief operating decision maker (“CODM”) primarily considers aircraft type required, route economics, and the financial impact of the resource allocation decision on an individual customer basis. Because the fleet and related resources are used interchangeably between reportable operating segments, the Company does not generate for the CODM’s use an allocation of fleet and fleet support assets including aircraft, net, aircraft support parts, net, and property, plant, and equipment, net, across the reportable operating segments.

The Company’s CODM, management team and board of directors evaluate the performance of the Company’s operating segments based on net sales and gross profit. Gross profit for each segment includes net sales to third parties and related cost of sales directly attributable to the segment. Gross profit for each segment excludes costs shared by the segments but not allocated to the segments for the use of the CODM and excludes costs not directly attributable to the segments. Costs excluded from segment gross profit are primarily fixed or semi-fixed in nature and include salaries and benefits of pilots and field mechanics, depreciation and amortization costs related to aircraft, aircraft lease costs, aircraft insurance, and other similar type costs. The Company includes intercompany transfers between segments for management reporting purposes.

Government. The Company’s Government revenue is derived primarily from contracts with various governments who use its services for firefighting, defense and security, and transportation and other government-related activities. Many of the Company’s contracts for Government services are multi-year and provide the majority of its current revenue backlog.

• Firefighting. The Company generally charges 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. The Company has both domestic and international contracts, which may be exclusive-use or call-when-needed in nature. Exclusive-use contracts denote that the Company is obligated to provide, and its customers are obligated to take and pay for, the use of the Company's services. Call-when-needed contracts are contracts with pre-negotiated terms under which the Company may elect to provide services if requested.

• Defense and Security. The Company generally charges 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

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rate is charged. The Company has both domestic and international contracts, but the majority of its defense and security-related work is performed outside of the U.S.

Transportation and Other Government-Related Activities. This line of business captures several types of government services including transportation of items for various government entities that are not defense or security related, crewing and CPH services for government customers, as well as other government-related services. Crewing services are typically for customers who have purchased an Airplane but lack trained or certified operating personnel-related to the Airplane. The Company offers pilots and field maintenance crews as part of its crewing services. For government customers who desire better predictability and stability in their aircraft operating costs, the Company offers CPH contracts in which it provides major components and rotatable parts at a fixed cost per flight hour.

Commercial. The Company's Commercial revenue is derived primarily from timber harvesting, infrastructure construction, and manufacturing/ MRO.

Timber Harvesting. The Company generally operates on either an hourly rate structure or a per cubic meter of high grade timber delivered basis. The Company serves a variety of customers, primarily in North America.

Infrastructure Construction. The Company's infrastructure construction operations vary from short-term construction jobs (generally one to five days in duration) to longer-term jobs (several months or years in duration) within the oil and gas, construction, energy transmission, and energy generation industries.

MRO, Component Part Sale, and Other. The Company has an ongoing revenue stream from customers who own or operate either Airplanes or the military version CH-54s, or other aircraft and require parts support for their helicopters. Further, the Company provides services to customers who own or operate Airplanes, CH-54s, or other aircraft and need their aircraft components repaired or overhauled by a certified facility. The Company is also pursuing aftermarket opportunities to manufacture and sell parts or provide maintenance, repair, or overhaul for other aircraft components.

In the Company's Central Point, Oregon facility it has the capability to remanufacture Airplanes on existing S-64 and CH-54 airframes for either resale or to induct into the Company's fleet, and this remains a core business competency. Customers who identify a year-round or otherwise critical application for an Airplane may find it advantageous to own an Airplane rather than leasing the Company's fleet services. The Company has sold ten Airplanes since 2002, including a sale-leaseback transaction executed in the second quarter of 2014, and subsequently re-purchased one of these Airplanes in 2012. While the Company continues to pursue Airplane sales and will make sales strategically when opportunities arise, it does not rely on Airplane sales as an essential part of its business planning.

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

Revenue by Reportable Segment (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Net revenues:			
Government	\$247,981	\$221,581	\$105,858
Commercial	98,628	96,640	74,966
Total net revenues	\$346,609	\$318,221	\$180,824

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Gross Profit by Reportable Segment (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Gross Profit:			
Government	\$161,809	\$146,149	\$64,636
Commercial	55,382	53,541	42,904
Non-allocated costs ⁽¹⁾	(134,027	) (103,577	) (46,121
Total gross profit	\$83,164	\$96,113	\$61,419

Non-allocated costs include costs that are shared by both of the reporting segments but are not allocated to the (1) operating segments for the use of the CODM and expenses that are not directly attributable to the operating segments.

Assets by Reportable Segment (in thousands):

	December 31, 2014	December 31, 2013
Assets:		
Government	\$255,055	\$295,153
Commercial	17,957	21,070
Corporate ⁽¹⁾	49,686	51,756
Fixed assets ⁽²⁾	382,823	359,326
Total assets	\$705,521	\$727,305

(1) Corporate assets are comprised primarily of cash, prepaid and other current assets, and deferred tax assets

Fixed assets are comprised of the aircraft fleet and fleet support assets including aircraft, net, aircraft support parts, (2) net, and property, plant, and equipment, net. Property, plant, and equipment, net are primarily used to support the aircraft fleet, with minimal amounts allocated to the corporate function

A reconciliation of the Company's segment gross profit to operating income for the years ended December 31, 2014, 2013, and 2012 is as follows (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Reconciliation to operating income:			
Government gross profit	\$161,809	\$146,149	\$64,636
Commercial gross profit	55,382	53,541	42,904
Non-allocated costs of revenue ⁽¹⁾	(134,027	) (103,577	) (46,121
Operating expenses, net ⁽²⁾	(60,834	) (49,121	) (27,986
Total operating income	\$22,330	\$46,992	\$33,433

Non-allocated costs include costs that are shared by both of the reporting segments but are not allocated to the (1) operating segments for the use of the CODM and expenses that are not directly attributable to the operating segments.

Other corporate expenses include research and development, corporate sales and marketing expenses, stock-based (2) compensation expense, certain tax expenses, various nonrecurring charges, and other separately managed general and administrative costs.

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	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Net revenues:			
North America	\$ 131,690	\$ 136,100	\$ 107,613
Middle East	77,760	67,315	—
Europe	26,924	24,096	37,362
Asia	26,036	25,410	11,262
South America	43,458	24,809	13,465
Africa	26,459	20,598	—
Australia	14,282	19,893	11,122
Total net revenues	\$ 346,609	\$ 318,221	\$ 180,824

Revenues are attributed to geographic area based on the country where the services were performed; for the Manufacturing / MRO line of business within the Commercial reportable segment, revenues are attributed to geographic area based on the country in which the customer is located.

Note 16. Commitments and Contingencies

Environmental Remediation Matters

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

Legal Proceedings

Fortis Matter

A complaint was served on EHI on August 27, 2012, by the plaintiff, Fortis Lease Deutschland GmbH, in the Regional Court, 7th Chamber for Commercial Matters, Cologne, Germany. The plaintiff claims approximately €0.8 million (\$1.0 million) in damages for the payment of VAT levied on the purchase price relating to EHI’s purchase of two helicopters from the plaintiff in 2011. The complaint lodged by plaintiff resulted in a default judgment against EHI issued on February 26, 2013. In a brief filed with the court on May 10, 2013, EHI objected to the default judgment, arguing that the sale of the two helicopters was tax exempt as they both were exported to a third country outside the European Union. In May 2014, Erickson paid €40,000 (approximately \$55,000) in full and final settlement of this matter.

Arizona Environmental Matter

In August 2012, EHI received a request for information from the State of Arizona regarding the Broadway-Pantano Site in Tucson, Arizona, which is comprised of two landfills at which the State has been conducting soil and groundwater investigations and cleanups. In addition, EHI has been served with various petitions to perpetuate testimony regarding the State's investigation into contamination at the Site. According to these documents, the State has identified approximately 101 parties that are potentially responsible for the contamination. Based on the information request and the petition to perpetuate testimony, it is possible that the State or other liable parties may assert that EHI is liable for the alleged contamination at the Site. There were no material developments with respect to this matter in 2013 or during the twelve months period ended December 31, 2014. At this time, the Company is not able to determine the likelihood of any outcome in this matter, nor is it able to estimate the amount or range of loss or the impact on its financial condition in the event of an unfavorable outcome.

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World Fuel Claim

In December 2013, World Fuel, a former fuel supplier of Evergreen International Aviation (“EIA”) and Evergreen Airlines (“EA”), filed suit against EIA, EA and other named parties claiming approximately \$9 million of accounts payable due and owing to World Fuel for fuel purchases made by EIA and EA. Evergreen Helicopters, Inc. (Erickson’s wholly-owned subsidiary, “EHI”) was a named party in the lawsuit since it was alleged that EHI signed a joint and several guaranty of payment in favor of World Fuel in 2012. In April 2014, the Company filed its Amended Answer which included certain counterclaims against World Fuel and certain cross claims against Mr. Delford Smith. Discovery in this matter is ongoing. At this time, the Company is not able to determine the likelihood of any outcome in this matter, nor is it able to estimate the amount or range of loss or the impact on its financial condition in the event of an unfavorable outcome.

Stockholder Action

In August 2013, a putative stockholder of the Company filed a class and derivative action in the Court of Chancery for the State of Delaware against the Company, the members of its board of directors, EAC Acquisition Corp., and the ZM Funds and certain of their affiliates. The plaintiff asserted claims for breach of fiduciary duty and unjust enrichment in connection with the EHI acquisition and requested an award of unspecified monetary damages to the stockholders and to the Company, disgorgement and restitution, certain other equitable relief, and an award of plaintiff’s costs and disbursements, including legal fees. On October 3, 2013, the defendants moved to dismiss the plaintiff’s complaint on the ground that all of the plaintiff’s claims in reality were derivative in nature and that the plaintiff had failed to allege facts sufficient to excuse pre-suit demand. On December 4, 2013, rather than oppose the motion to dismiss, the plaintiff chose to file an amended complaint. On January 24, 2014, the defendants again moved to dismiss the plaintiff’s amended complaint on the same grounds. On April 15, 2014, the Court denied the defendants’ motion, holding that one aspect of the plaintiff’s claim was direct and that, in any event, the plaintiff had pled facts sufficient to excuse pre-suit demand. Although the Company is unable to predict the final outcome of the proceeding, the Company believes the allegations lack merit, intends to vigorously defend against them, and believes that the final results will not have a material effect on its consolidated financial position, results of operations, or cash flows.

In addition to the foregoing litigation, the Company is subject to ongoing litigation and claims as part of its normal business operations. The Company makes a provision for a liability when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company recognizes expenses for legal costs in connection with defending a loss contingency as those costs are incurred. In the Company’s opinion, none of these claims will have a material adverse effect on it.

Operating Leases

The Company owns substantially all of its property, periodically leases certain premises on a short term basis, and leases a minor amount of its facilities and certain other property under non-cancelable operating lease agreements that expire on various dates through August of 2064. Certain leases have renewal options. Operating lease expense for the facilities leases were \$2.3 million, \$1.8 million and \$0.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

In connection with the 2013 acquisition of EHI, the Company acquired certain operating leases for aircraft that expire on various dates through December 2019. During the years ended December 31, 2014 and 2013, operating lease expense associated with aircraft was \$20.2 million and \$14.0 million, respectively.

Minimum future lease payments under non-cancelable operating leases at December 31, 2014 are as follows (in thousands):

Year ending December 31:	
2015	\$18,876
2016	17,014
2017	13,413
2018	12,921
2019	5,145
Thereafter	7,630
	\$74,999

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Outstanding Purchase Orders

As of December 31, 2014, the Company had \$29.6 million of outstanding purchase orders for scheduled parts deliveries through 2019, all in the ordinary course of business and the majority of which were cancelable.

Note 17. Related Party Transactions

In addition to the stated items and transaction below, the Company reimbursed various entities affiliated with the ZM Funds and Quinn Morgan for expenses and other costs totaling \$0.2 million, \$0.5 million, and \$0.2 million during the years ended December 31, 2014, 2013, and 2012, respectively.

During the first quarter of 2014, the Company received \$0.4 million, net from short-swing profit disgorgement remitted by the ZM Funds. This activity was classified on the consolidated balance sheet as of December 31, 2014 as an increase to additional paid-in capital and as a component of financing activity within the consolidated statement of cash flows for the year ended December 31, 2014.

During the year ended December 31, 2014, the Company had incurred approximately \$0.5 million in legal costs associated with stockholder lawsuit filed against the Company, the members of its board of directors, EAC Acquisition Corp., and the ZM Funds and certain of their affiliates. See "Note 16 - Commitments and Contingencies" for further discussion.

2015 Subordinated Notes and 2016 Subordinated Notes

The Company was party to a Second Lien Credit Agreement pursuant to which the Company borrowed \$20.0 million (the "Second Lien Debt"). Lenders of Second Lien Debt to the Company included the ZM Funds, which are affiliates of the Company through common ownership.

On June 30, 2010, concurrent with the refinancing of the Company's senior debt, the Company used proceeds from the senior secured asset-based revolving credit facilities to partially pay-down \$11.5 million of its \$20.0 million Second Lien Debt to one of the ZM Funds and certain of its affiliates. The remaining \$8.5 million was exchanged for 2015 Subordinated Notes at a rate of 20.0% per annum, which was payable in kind by increasing the principal amount of such notes and payable quarterly.

No periodic principal or interest payments were required and the 2015 Subordinated Notes were to mature on June 30, 2015. In connection with the initial public offering in April 2012, the interest rate on the 2015 Subordinated Notes was amended from 20.0% per annum to 10.0% per annum. In connection with the 2020 Senior Notes offering consummated on May 2, 2013, all of the 2015 Subordinated Notes were repaid in full.

On June 30, 2011, in connection with an amendment to the Company's credit agreement at the time, an additional \$10.0 million of 2016 Subordinated Notes were issued to two of the ZM Funds at a rate of 20.0% per annum, which was payable in kind by increasing the principal amount of such notes and payable quarterly. No periodic principal or interest payments are required and the 2016 Subordinated Notes were to mature on June 30, 2016. Additionally, in connection with the Working Capital Guarantee Credit Agreement, the Company issued \$1.0 million in additional 2016 Subordinated Notes to two of the ZM Funds at a rate of 20.0% per annum, which was payable in kind by increasing the principal amount of such notes and payable quarterly. In connection with the initial public offering in April 2012, the interest rate on the 2016 Subordinated Notes was amended from 20.0% per annum to 10.0% per annum. In connection with the 2020 Senior Notes offering consummated on May 2, 2013, all of the 2016 Subordinated Notes were repaid in full.

Evergreen Helicopters, Inc. ("EHI") Acquisition

In connection with the Company's acquisition of EHI, the Company entered into a stock purchase agreement (the "Second Lien SPA") with all of the second lien lenders of EIA, including two of the ZM Funds and certain of their affiliates, pursuant to which the Company would issue 3,375,527 shares of its Series A Preferred Stock to EIA's second lien lenders. To facilitate the Company's acquisition of EHI, the second lien lenders, including two of the ZM Funds and certain of their affiliates, executed certain waivers and consents pursuant to the EIA's amended and restated second lien credit agreement and certain related agreements (the "EIA Second Lien Credit Facility") with Wilmington Trust FSB and certain lenders listed therein, including two of the ZM Funds and certain of their affiliates.

The EIA Second Lien Credit Facility provided a loan facility of up to \$100.0 million, with loans bearing interest at an annual rate of 11.0% plus the greater of (a) the prime rate and (b) the federal funds effective rate plus 0.5%; provided that in no event shall the rate be lower than 5.0%, or for Eurodollar borrowing 12.0% plus LIBOR (with a 3.0% floor) plus statutory reserves,

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and loans were entitled to certain annual payments in kind. The EIA Second Lien Credit Facility was secured by a second lien security interest in substantially all of EIA's and EHI's assets, certain guarantees and other collateral. The loans under the EIA Second Lien Credit Facility were to mature on September 30, 2015. The EIA Second Lien Credit Facility provided that certain assets sales by EIA, including the Company's acquisition of EHI, required that all loans be repaid in full and loan availability be permanently reduced to zero.

In connection with the EHI acquisition, which was funded with a portion of the proceeds from the 2020 Senior Notes offering (See "Note 10 - Debt"), two of the ZM Funds and certain of their affiliates received 1,689,155 shares of Series A Preferred Stock as repayment of \$20.0 million of principal of their pro rata share of the EIA Second Lien Credit Facility. In addition, two of the ZM Funds and certain of their affiliates forgave \$2.5 million of their pro rata share of the EIA Second Lien Credit Facility in connection with the EHI acquisition and retained approximately \$37.9 million in the EIA Second Lien Credit Facility.

In addition, the Company issued 632,911 shares of its Series A Preferred Stock to EIA's first lien lenders in connection with the Company's acquisition of EHI and certain of those first lien lenders sold their shares to certain of the EIA second lien lenders, including two of the ZM Funds and certain of their affiliates. A total of 1,984,680 shares of Series A Preferred Stock were issued to two of the ZM Funds and certain of their affiliates (including shares that two of the ZM Funds and certain of their affiliates purchased from the EIA first lien lenders).

Transaction Fee

In connection with the EHI acquisition, 10th Lane Partners, LLC, an entity controlled by Q&U Investments, LLC and affiliated with Quinn Morgan, one of the Company's directors, received a fee of \$2.5 million from the Company in consideration for services rendered to the Company by 10th Lane Partners, LLC, its affiliates and employees.

Registration Rights

The Company is party to an amended and restated registration rights agreement among the Company and the ZM Funds, which are beneficial owners of more than 5% of the Company's common stock. Pursuant to the registration rights agreement, ZM EAC LLC has the right to require that the Company register its shares under the Securities Act for sale to the public. If ZM EAC LLC exercises its demand registration right, ZM Private Equity Fund I, L.P. and ZM Private Equity Fund II, L.P. will have the opportunity to include their shares in the registration. The Company must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with the exercise of these demand registration rights.

In addition, the ZM Funds have piggyback registration rights, which mean that they have the right to include their shares in any registration that the Company effects under the Securities Act, other than a registration affected pursuant to an exercise of demand registration rights, subject to specified exceptions. The Company must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with these piggyback registration rights.

The Company is unable to estimate the dollar value of registration rights to the holders of these rights. The amount of reimbursable expenses under the registration rights agreement depends on a number of variables, including whether registration rights are exercised incident to a primary offering by the Company, the form on which the Company is eligible to register such a transaction, and whether the Company has a shelf registration in place at the time of any future offering.

Note 18. Derivative Instruments and Hedging Activities

The Company enters into foreign currency forward contracts as it is considered necessary. The purpose of these transactions is to reduce the impact of future currency fluctuations related to anticipated cash receipts from expected

future revenue that is denominated in a currency other than U.S. dollars. The change in the valuation of the foreign currency forwards portfolio is recorded within unrecognized or recognized gain (loss) in the accompanying consolidated statements of comprehensive income (loss). Outstanding balances of foreign currency forward contracts in asset positions are included in prepaid expenses and other assets if maturing within one year, or other non-current assets if maturing beyond one year within the consolidated balance sheet. Outstanding balances of foreign currency forward contracts in liability positions are included in accrued and other current liabilities if maturing within one year, or other long-term liabilities if maturing beyond one year within the consolidated balance sheet.

The Company was not party to any foreign currency forward contracts as of December 31, 2014 or December 31, 2013.

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Note 19. Warranty Reserves and Cost Per Hour Reserves

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

Warranty expense, net was zero, zero, and a \$0.5 million benefit for the years ended December 31, 2014, 2013, and 2012, respectively. As of December 31, 2014 and December 31, 2013 warranty liability reserve was zero. All warranty periods expired at December 31, 2012.

A summary of the warranty reserves related to sales of Aircranes consisted of the following (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Beginning balance	\$—	\$—	\$1,015
Increases to reserves	—	—	—
Warranty provided or expired	—	—	(1,015)
Ending balance	\$—	\$—	\$—

The Company offers CPH contracts pursuant to which the Company provides components and expendable supplies for a customer's aircraft at a fixed cost per flight hour. The Company estimates the total covered maintenance costs for the aircraft over the coverage period based on historical trends. The amount of the accrual is estimated on a per flight hour basis and recorded as the hours are flown on the aircraft. The timing of cash paid for repairs and maintenance on the aircraft will impact the balance of the accrual.

Net CPH expense was zero, \$0.7 million and \$5.3 million for the years ended December 31, 2014, 2013, and 2012 respectively. As of December 31, 2014 and December 31, 2013 CPH liability was zero and \$0.5 million, respectively.

A summary of the CPH reserves is as follows (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Beginning balance	\$511	\$3,569	\$2,770
Increases to reserves	—	747	5,282
Warranty provided or expired	(511)	(3,805)	(4,483)
Ending balance	\$—	\$511	\$3,569

Note 20. Variable Interest Entities

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

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European Air-Crane, S.p.A. (“EuAC”) is 49% owned by Erickson Incorporated (“EAC”); 49% owned by Grupo Inaer (“Inaer” formerly Elilario Italia S.p.A.); and 2% owned by Fiduciaria Centro Nord (“FCN”). EAC provided FCN with the financial means to purchase and transfer the shares of EuAC, in exchange for the patrimonial and administrative rights derived from the shares. These rights include the right to decide whether and how to vote in shareholders’ meetings and the right to decide whether, when and to whom the shares should be transferred and endorsed.

The Company believes that EuAC is a VIE and that the Company is the primary beneficiary of the VIE due to its ability to make decisions about the entity’s activities, the exposure to the expected losses of the entity if they occur, and the right to receive the expected residual returns of the entity if they occur. As such, the consolidated financial statements include the balances of EuAC.

At December 31, 2014, EuAC consolidated assets and liabilities were \$4.1 million and \$1.9 million, respectively. At December 31, 2013, EuAC consolidated VIE assets and liabilities were \$5.5 million and \$3.0 million, respectively. As of December 31, 2014 and December 31, 2013, \$0.7 million and \$0.9 million, respectively, of noncontrolling interest is reflected in stockholders’ equity in the accompanying consolidated balance sheets.

In the third quarter of 2014 through its Brazilian subsidiary Air Amazonia, the Company had entered into a purchase agreement to acquire a 60% interest in Costa Do Sol Taxi Aero Corporation (“Costa Do Sol”) and obtained control of the entity effective December 1, 2014.

The Company believes that Costa Do Sol is a VIE and that the Company is the primary beneficiary of the VIE due to its ability to make decisions about the entity’s activities, the exposure to the expected losses of the entity if they occur, and the right to receive the expected residual returns of the entity if they occur. As such, the consolidated financial statements include the balances of Costa Do Sol.

At December 31, 2014, Costa Do Sol consolidated assets and liabilities were \$0.1 million and \$0.1 million, respectively. As of December 31, 2014, noncontrolling interest of zero is reflected in stockholders’ equity in the accompanying consolidated balance sheets.

Note 21. Seasonality

The Company’s flight hours are substantially reduced in winter or monsoon seasons. The global deployment of the Company’s aircraft and crews helps to limit the effect of seasonality, but the Company’s operations tend to peak in June through October and to be at a low point in January through April.

Note 22. Earnings (Loss) Per Share

The Company calculates basic income (loss) per share by dividing net income (loss) by the weighted average number of shares of common stock outstanding. Shares issuable upon the satisfaction of certain conditions are considered outstanding and included in the computation of basic loss per share.

The following table shows the computation of income (loss) per share (net income (loss) in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Net income (loss) attributable to common shareholders	\$(10,292)	\$9,657	\$12,435
Basic weighted average shares outstanding	13,800,494	11,221,005	6,981,027
Dilutive effect of stock-based awards	—	53,419	—
Dilutive effect of Series A Preferred Stock	—	560,082	—
Dilutive weighted average shares outstanding	13,800,494	11,834,506	6,981,027

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Basic earnings (loss) per share	\$(0.75) \$0.86	\$1.78
Diluted earnings (loss) per share	\$(0.75) \$0.82	\$1.78
Antidilutive common stock equivalents excluded from diluted earnings (loss) per share	18,169	16,458	158,557

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Note 23. Stock-based Compensation

In 2012, the Company adopted a Long Term Incentive Plan and reserved for issuance 417,649 shares of its common stock. The goal of the plan is to align the interests of the Company's eligible participants with the interests of its stockholders by providing long-term incentive compensation opportunities tied to the performance of the Company and its common stock. Because vesting is based on continued employment, these equity based incentives are also intended to attract, retain and motivate key personnel upon whose judgment, initiative and effort the successful conduct of the Company's business is largely dependent. There were 7,808 shares available for grant under the Long Term Incentive Plan as of December 31, 2014. The fair value of restricted stock units is determined based on the quoted closing price of the Company's common stock on the date of grant.

The following table summarizes the Company's restricted stock unit awards activity during the year ended December 31, 2014:

	Restricted Stock Award Units	Weighted-Average Grant Date Fair Value
Outstanding unvested at December 31, 2011	—	\$ —
Granted	389,057	7.77
Vested restricted stock units	(214,933	) 7.80
Forfeited	(15,567	) 7.83
Outstanding unvested at December 31, 2012	158,557	7.73
Granted	45,914	21.43
Vested restricted stock units	(88,610	) 10.68
Forfeited	(24,643	) 7.75
Outstanding unvested at December 31, 2013	91,218	11.75
Granted	35,752	16.68
Vested restricted stock units	(50,695	) 12.81
Forfeited	(20,672	) 12.74
Outstanding unvested at December 31, 2014	55,603	\$ 13.59

During the years ended December 31, 2014, 2013, and 2012, the Company granted 35,752, 45,914, and 389,057 restricted stock unit awards, respectively. The Company recognized stock-based compensation expense during the years ended December 31, 2014, 2013, and 2012 as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Stock-based compensation expense:			
Cost of revenues	\$69	\$70	\$378
Operating expenses	792	722	1,740
Total	\$861	\$792	\$2,118

Unrecognized stock-based compensation expense related to outstanding unvested restricted stock unit awards as of December 31, 2014 is expected to be recognized over a weighted average period of 0.6 years, as follows (in thousands):

2015	Unamortized Compensation Expense \$445
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2016	91
Thereafter	7
Total	\$543

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Note 24. Subsequent Events

On January 1, 2015, as a result of an organizational restructuring, the Company established new reportable operating segments to assess performance by type of customer and end market: Government Aviation Services, Commercial Aviation Services, Oil & Gas Aviation Services and Manufacturing & MRO.

On March 3, 2015, Udo Rieder informed the board of directors that he will retire from his positions as President and Chief Executive Officer of the Company and as a member of the board of directors, effective March 31, 2015. The board of directors had appointed Jeffrey Roberts as the Company's President and Chief Executive Officer, effective April 1, 2015.

SUPPLEMENTARY DATA

Unaudited Quarterly Financial Information

	2014				
(Unaudited)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Net Revenues	\$74,184	\$80,885	\$118,338	\$73,202	\$346,609
Gross Profit	8,280	13,729	47,978	13,177	83,164
Net income (loss)	(7,525)	) (17,162)	) 16,941	(2,485)	) (10,231)
Net income (loss) attributable to common stockholders	(7,594)	) (17,109)	) 16,862	(2,451)	) (10,292)
Basic earnings (loss) per common share	\$(0.55)	) \$(1.24)	) \$1.22	\$(0.18)	) \$(0.75)
Dilutive earnings (loss) per common share	\$(0.55)	) \$(1.24)	) \$1.22	\$(0.18)	) \$(0.75)
Weighted average shares outstanding:					
Basic	13,789,426	13,799,501	13,802,212	13,810,587	13,800,494
Dilutive	13,789,426	13,799,501	13,817,050	13,810,587	13,800,494
	2013				
(Unaudited)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Net Revenues	\$36,940	\$68,590	\$120,226	\$92,465	\$318,221
Gross Profit	9,274	17,490	46,185	23,164	96,113
Net income (loss)	(995)	) (1,797)	) 14,488	(1,830)	) 9,866
Net income (loss) attributable to common stockholders	(1,216)	) (1,952)	) 14,525	(1,700)	) 9,657
Basic earnings (loss) per common share	\$(0.13)	) \$(0.20)	) \$1.26	\$(0.12)	) \$0.86
Dilutive earnings (loss) per common share	\$(0.13)	) \$(0.20)	) \$1.05	\$(0.12)	) \$0.82
Weighted average shares outstanding:					
Basic	9,727,127	9,759,758	11,562,465	13,786,308	11,221,005
Dilutive	9,727,127	9,759,758	13,813,514	13,786,308	11,834,506

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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We maintain disclosure controls and procedures that are designed with the objective of providing reasonable assurance that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 (the “Exchange Act”), as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply their judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, an evaluation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of the fiscal year ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), under the 1992 framework. Based on the assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2014 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

This annual report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies. Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until we are no longer an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”).

ITEM 9B. OTHER INFORMATION

On March 11, 2014, we entered into an amendment (the “Amendment”) to our Revolving Credit Facility (and related agreements) entered into on May 2, 2013 and amended on June 14, 2013, with Wells Fargo Bank, National Association, as Administrative Agent, Lead Arranger, Book Runner, Syndication Agent, and Documentation Agent, and other lender parties thereto. The Amendment increased the maximum aggregate amount that we can borrow under the Revolving Credit Facility at any one time from \$125.0 million to \$140.0 million. The Amendment also requires that we maintain a Fixed Charge Coverage Ratio (as calculated pursuant to the Revolving Credit Facility), measured on a quarter-end basis, of at least (i) 1.20:1.00 for the twelve month period ending as of the end of each fiscal quarter

if Borrowers' Average Availability (as defined in the Revolving Credit Facility) during such fiscal quarter was greater than \$16.8 million (previously \$15.0 million) or (ii) 1.05:1.00 for the twelve month period ending as of the end of each fiscal quarter if Borrowers' Average Availability (as defined in the Revolving Credit Facility) during such fiscal quarter was less than or equal to \$16.8 million (previously \$15.0 million). The amendment also aligns various definitions with the increase in Borrower's Average Availability.

A copy of the Amendment was filed as Exhibit 10.43 to the annual report on Form 10-K filed for the year ended December 31, 2013 and is incorporated herein by reference. The foregoing description of the Amendment is qualified in its entirety by reference to the Amendment.

PART III.

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ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our Board of Directors

The following table sets forth information regarding our current directors and each director nominee, as of March 10, 2015.

Name	Principal Occupation	Age	Director Since
Udo Rieder ⁽¹⁾	President and CEO Erickson Incorporated	55	2008
Gary R. Scott	Ret. President Bombardier Comm. Aircraft	64	2012
Quinn Morgan	Managing Director of Centre Lane Partners	43	2007
Hank Halter ⁽²⁾	President and CEO of Delta Community Credit Union	50	2012
Meredith R. Siegfried	CEO of The NORDAM Group	41	2012
Kenneth Lau	Managing Director of Centre Lane Partners	37	2010
James L. Welch	CEO of YRC Worldwide	60	2012

(1) On March 3, 2015, Udo Rieder informed the board of directors that he will retire from his positions as President and Chief Executive Officer of the Company and as a member of the board of directors, effective March 31, 2015.

(2) On January 19, 2015, Hank Halter resigned from the Company's Board of Directors for personal reasons due to certain pressing family obligations. Mr. Halter also resigned from his role as Chairman of the Company's Audit Committee.

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

Gary R. Scott has served as a member of our board since the completion of our initial public offering in April 2012. Mr. Scott is currently President and CEO of his wholly owned aerospace and aviation consulting company, GRS LLC. He retired from Bombardier, Inc. on November 1, 2011, where he served as the President of the Commercial Aircraft unit of Bombardier Aerospace since April 2008. He joined Bombardier in March 2004, serving as President of New Commercial Aircraft from March 2004 through February 2006 and President of Aircraft Services and New Commercial Aircraft from February 2006 through April 2008. Before joining Bombardier, Mr. Scott was Group President, Civil Simulation and Training at CAE, Inc. from July 2002 through March 2004. Mr. Scott began his career in aviation with The Boeing Company in 1973, holding the following executive positions: President, Flight Safety Boeing Training International (July 2000 through July 2002); Vice President, Business Strategy and Finance, Commercial Aviation Services (January 1999 through July 2000); Vice President and Chief Operating Officer, Boeing Enterprises (April 1998 through January 1999); and Vice President and General Manager for the 737/757 programs (November 1995 through March 1998). Mr. Scott earned a BA in Business Administration at the University of Washington and an MBA at Seattle University. Mr. Scott has also completed the Executive Development Program, University of Illinois, as well as the Harvard Business School Advanced Management Program. Mr. Scott has previously served on the board of directors of the Wings Club. Mr. Scott was selected as a director nominee because

of his experience as the chief executive of a significant business unit of a public aerospace company, and for his general management and financial experience in the aerospace industry. Mr. Scott will qualify as an “independent” director under the rules and regulations of the SEC and NASDAQ.

Quinn Morgan has served on our board of directors since September 2007 and as our Chairman since January 2010. Mr. Morgan is a founding member and a managing director of Centre Lane Partners, LLC. Mr. Morgan serves on the board of Twintec AG as well as the boards of directors of several private companies affiliated with Centre Lane. Prior to co-founding the predecessor to Centre Lane Partners and our largest shareholder in May 2007, Mr. Morgan was a managing director and head of corporate private equity at D. B. Zwirn & Co., L.P., which he joined in January 2005. At D.B. Zwirn & Co. Mr. Morgan had overall responsibility for the corporate private equity investment program. From 2000 to 2005, Mr. Morgan was employed with

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Moore Capital Management and its illiquid asset management joint venture, Steelpoint Capital Partners. From 1994 to 2000, Mr. Morgan was employed with the Goldman Sachs Group. Mr. Morgan holds a BSc in Economics from the London School of Economics and Political Science. Mr. Morgan was selected to serve as a director because he is the managing member of our largest stockholder and has extensive experience in financing, private equity investment, and board service.

Hank Halter has served on our board of directors since April 2012. Mr. Halter is the President and Chief Executive Officer of Delta Community Credit Union in Atlanta, Georgia. Mr. Halter served as Senior Vice President and Chief Financial Officer of Delta Air Lines from November 2008 until his retirement in March 2012. Mr. Halter previously served in a variety of finance positions at Delta Air Lines, including as Senior Vice President and Controller of Delta Air Lines (May 2005 through November 2008); Vice President-Controller (March 2005 through May 2005); Vice President-Assistant Controller (January 2002 through March 2005); Vice President-Finance-Operations (February 2000 through December 2001); and various other finance leadership positions (August 1998 through February 2000). In September 2005, Delta Air Lines filed a petition for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code and emerged from reorganization under Chapter 11 in April 2007. From June 1993 through August 1998, Mr. Halter held various finance positions at American Airlines in corporate reporting, financial planning, and corporate real estate. Prior to his tenure with American Airlines, Mr. Halter was a Senior Accountant in the Philadelphia office of Ernst & Young LLP from June 1987 through July 1991. Mr. Halter holds an MBA from Duke University and a BS degree in accountancy from Villanova University. Mr. Halter is a certified public accountant. Mr. Halter is a member of the board of directors of Delta Community Credit Union and Southern Air, Inc., a U.S. FAA Part 121 supplemental global air-cargo carrier where he is the audit committee chairman. Mr. Halter was selected as a director because of his experience as the chief financial officer of Delta Air Lines, and for his general experience with finance and public accounting.

Meredith R. Siegfried has served on our board of directors since April 2012. In June 2011, Ms. Siegfried was appointed Chief Executive Officer of The NORDAM Group, Inc. She previously served as the Chief Operating Officer of the Repair Group of The NORDAM Group, responsible for its worldwide maintenance, repair and overhaul operations, from January 2009. Before becoming COO of the Repair Group, Ms. Siegfried served in a variety of roles at The NORDAM Group, including Vice President of Global Sales of the Repair Group (May 2006 through December 2008); Vice President, International (February 2002 through April 2006); Director, International Operations (January 2000 through January 2002); and Manager, International Operations (February 1999 through December 1999). Ms. Siegfried joined The NORDAM Group from Arthur Andersen's global corporate finance division, where she served as a senior consultant on mergers and acquisitions, seller services, and financial advisory from November 1996 through January 1999. Ms. Siegfried also serves on the board of directors of World Travel Services, LLC. She is also a member of the Young Presidents' Organization and served as chairman of the board of trustees for the Tulsa Airport Authority for seven years through 2010. In 2011, Ms. Siegfried was awarded a Henry Crown Fellowship, a two-year program sponsored by The Aspen Institute. Ms. Siegfried received a BA in Finance from Notre Dame and an MBA from the University of Chicago. Ms. Siegfried was selected as a director because of her experience in international sales and manufacturing and maintenance and overhaul operations, as well as her industry, finance, and management experience.

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

investment, and board service.

James L. Welch has served on our board of directors since April 2012. Mr. Welch has served as Chief Executive Officer and a director of YRC Worldwide since July 2011. From October 2008 through July 2011, Mr. Welch served as President and Chief Executive Officer and a director of Dynamex Inc., a leading provider of same-day transportation services in North America. From October 2007 through September of 2008, Mr. Welch was a consultant and interim chief executive officer of JHT Holdings, Inc., a provider of truck transportation services. From June 2000 through January 2007, Mr. Welch served as President and Chief Executive Officer of Yellow Transportation, a leading provider of transportation services for industrial, commercial and retail goods. Mr. Welch joined Yellow Transportation in 1978, where he held various senior management positions prior to his appointment as President and Chief Executive Officer. Mr. Welch received his BS degree in Psychology from West Texas A&M. Mr. Welch currently serves on the board of directors of SkyWest, Inc. and formerly served on the boards of directors of Spirit AeroSystems Holdings, Inc. and Roadrunner Transportation Services. Mr. Welch was selected as a director because of his experience as the chief executive of transportation companies, his experience with air transportation, and because of his board experience with other aerospace companies.

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Our Executive Officers

We designate persons serving in the following positions as our executive officers: our chief executive officer, our chief financial officer, and our vice presidents who are in charge of a principal unit of our business, or perform a policy-making function for us. The following table sets forth information regarding our executive officers as of March 10, 2015.

Name	Principal Occupation	Age	Officer Since
Udo Rieder ⁽¹⁾	President and Chief Executive Officer	55	2008
Eric Struik	Chief Financial Officer	46	2013
Brian Clegg	Vice President of Global Aerial Operations	59	2015
Santiago Crespo	Vice President and General Manager of Oil and Gas Aviation Services	45	2013
Edward Rizzuti	Vice President, General Counsel and Corporate Secretary	45	2010
Glenn Splieth	Vice President of Global Human Resources	62	2015
Kerry Jarandson	Vice President of Manufacturing and MRO	46	2015
Andrew Mills	Vice President and General Manager of Commercial Aviation Services	57	2015
Chris Bassett	Vice President and General Manager of Government Aviation Services	52	2015

On March 3, 2015, Udo Rieder informed the board of directors that he will retire from his positions as President and Chief Executive Officer of the Company and as a member of the board of directors, effective March 31, 2015. (1) The board of directors had appointed Jeffrey Roberts as the Company's President and Chief Executive Officer, effective April 1, 2015.

Udo Rieder's biographical summary is included under "Our Board of Directors."

Eric Struik has served as our Chief Financial Officer since September 2013. From September 2011 until August 2013, Mr. Struik served as Vice President of Finance for Remy International, a leading worldwide manufacturer and distributor of power systems for the global light vehicle, commercial vehicle, and rail markets, with more than \$1.1 billion in annual revenue. From May 2008 until August 2011, Mr. Struik served as Vice President of Finance and Investor Relations for Callaway Golf. Prior to 2008, Mr. Struik developed a deep and varied background managing financial operations for manufacturing businesses with Visteon, Lear and Chrysler corporations. Mr. Struik holds an MBA from the Indiana University and a BA in Economics from the University of Michigan. Mr. Struik is a Certified Management Accountant (CMA), Certified in Financial Management (CFM), and Chartered Financial Analyst (CFA).

Brian Clegg has served as our Vice President of Aerial Operations since September 2014. Mr. Clegg has nearly 40 years of experience in the rotorcraft industry, first as a pilot and later in managerial and executive positions. Prior to joining Erickson, he worked at CHC Helicopter Corp for 30 years. In his most recent role with CHC, he served as Vice President of Flight Operations, where he led the merger of two distinct flight divisions into one operating division with more than 210 aircraft and 1,000 pilots. In his previous role of Acting President for CHC Global Operations, he reported directly to the CEO and Board of Directors, leading operations of 120 aircraft. A well respected figure within the aviation industry, Mr. Clegg brings a rare breadth of experience in global aerial operations to the Erickson executive team, and plays a key role in optimizing and growing our diversified fleet operations around the world.

Santiago Crespo has served as our Vice President of Global Sales and Marketing since August 2013. From May 2010 through July 2013, Mr. Crespo served as the Global Key Account Director for CHC Helicopter, where he was

responsible for managing its oil and gas business with over \$1 billion in annual revenues. From July 2010 through April 2012, Mr. Crespo was the Commercial Director for the Americas for CHC Helicopter, with responsibilities that included growing the oil and gas business in Brazil and development of CHC's U.S. Government contract acquisition strategy. From March 2006 through July 2010, Mr. Crespo was the Director of South American Sales and Marketing at Evergreen Helicopters Inc. Mr. Crespo holds an MBA from the University of Portland and a BS in Finance from the Catholic University of Ecuador.

Edward Rizzuti joined Erickson in August 2010 and has served as our Vice President, General Counsel and Corporate Secretary since November 2011. Prior to joining Erickson, from August 2006 to August 2010, Mr. Rizzuti worked for NACCO Materials Handling Group, Inc., most recently serving as Associate General Counsel. From January 2004 to July 2006,

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Mr. Rizzuti served as Legal Counsel for Terex Corporation. Prior to his employment with Terex, Mr. Rizzuti worked as a lawyer with Mintz Levin Cohn Ferris Glovsky and Popeo PC from September 1999 to July 2003, focusing in the area of private equity and corporate transactional work. From September 1998 to September 1999 Mr. Rizzuti worked as a lawyer with Clifford Chance LLP. Mr. Rizzuti received his JD from New York University School of Law and holds a BS in civil engineering from Rutgers University.

Glenn Splieth joined Erickson in 2013. Prior to joining Erickson, Mr. Splieth was the Vice President of Human Resources for RadiSys Corporation, a leading wireless infrastructure and solutions provider for telecom, aerospace, and defense applications. While at RadiSys, he directed company-wide HR management in 12 countries across Europe, North America, and Asia, and was deeply involved in acquisition integration. Mr. Splieth has over 25 years of experience in human resources management and program development, and has held HR leadership positions at NetTest Corporation, Epson Portland, Mentor Graphics Corporation, and Hewlett Packard Corporation, with a particular focus in the areas of change management, organizational development, global employee relations, compensation, benefits, learning and development, and staffing. He holds a Bachelors of Science degree in Natural Resource Management from Utah State University and a Masters of Public Administration from Montana State University.

Kerry Jarandson joined Erickson in 1993, and was appointed General Manager of the Central Point manufacturing/MRO operation in September of 2012. He has more than 20 years of experience in aviation maintenance, manufacturing, engineering, and aviation management. Erickson is the OEM and Type Certificate holder for the S-64 Airplane, and part of Mr. Jarandson's responsibilities includes maintaining the Type and Production Certificates and supporting Erickson's internal and external customer base. He's also responsible for providing products and services in support of Erickson's extensive fleet of rotorcraft and fixed wing aircraft. Prior to his role as General Manager, Mr. Jarandson served as the Senior Director of Manufacturing and Maintenance from 2003 to 2012, and was instrumental in building the organization and infrastructure which enabled Erickson to obtain the S-64 Aircraft Production Certificate in 2007. He previously served in a number of roles within the Maintenance, Quality, and Engineering organizations, with a consistent focus on reliability engineering and continuous improvement.

Andrew Mills rejoined Erickson in 2012, and prior to his current position was General Manager of Airplane Operations and Director of Aerial Services Sales and Marketing. Mr. Mills has over 25 years of experience in helicopter operations and contracting. Prior to joining Erickson, he served as General Manager of Carson Helicopters, and Director of Operations for Swanson Group Aviation. Before working exclusively in the heavy helicopter arena, he served as Vice President of Operations for Phoenix Geophysics, a world leader in exploration geophysics specializing in frontier exploration utilizing helicopter-supported geophysical tools. He has extensive experience in aerial firefighting and international helicopter contracting and has worked in more than 25 countries. Mr. Mills graduated from Oregon State University with a Bachelor of Science degree in Geology, with post graduate work in geophysics. He is a past Chairman of the Oregon Heavylift Helicopter Consortium, and current Vice Chairman of the HAI Government Resources/Firefighting Committee.

Chris Bassett leads a team responsible for business development, customer service, productivity, quality, safety and efficiency of Government Aviation Services. He also oversees global business operations, and manages resources (assets and people) across multiple contracts. Chris brings over 25 years of diverse aviation management experience in both rotorcraft and fixed-wing markets to Erickson. Prior to joining Erickson in 2013, he was Vice President of Aviation Operations for Air Methods Corporation where he had control of a fleet of over 400 aircraft and more than 300 bases of operations. Chris also has extensive experience with the Department of Defense Civil Airlift Review Board (CARB) certification, and with maintaining government contracts. Chris is a pilot and A&P mechanic and has managed his own helicopter external load company. He holds a Bachelor of Science degree in management.

We hereby incorporate by reference the information under the captions “Director Nominations,” “Audit Committee,” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which we anticipate will be filed with the Securities and Exchange Commission within 120 days after the end of our year ended December 31, 2014.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics (the “Code”) that applies to all of our employees, officers and directors. The Code is available on our website at www.ericksonaviation.com. Any substantive amendment to or waiver of any provision of the Code may be made only by the board of directors, and will be disclosed on our website as well as via any other means then required by Nasdaq listing standards or applicable law.

ITEM 11. EXECUTIVE COMPENSATION

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We hereby incorporate by reference the information under the captions “Executive Compensation” and “Compensation Committee Report” in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which we anticipate will be filed with the Securities and Exchange Commission within 120 days after the end of our year ended December 31, 2014.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

We hereby incorporate by reference the information under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which we anticipate will be filed with the Securities and Exchange Commission within 120 days after the end of our year ended December 31, 2014.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We hereby incorporate by reference the information under the captions “Transactions with Related Persons” and “Independence of Directors” in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which we anticipate will be filed with the Securities and Exchange Commission within 120 days after the end of our year ended December 31, 2014.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

We hereby incorporate by reference the information under the caption “Ratification of Appointment of Auditors” in our definitive Proxy Statement to be filed pursuant to Regulation 14A, which we anticipate will be filed with the Securities and Exchange Commission within 120 days after the end of our year ended December 31, 2014.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following consolidated financial statements of Erickson Incorporated are included in “Item 8. Financial Statements and Supplementary Data.”

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Comprehensive Income (Loss)
Consolidated Statements of Stockholders’ Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Statements

(a)(2) Financial Statement Schedules

None.

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(a)(3) Exhibits

Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference			Filing Date
			Form	Exhibit No.	File No.	
3.1	Third Amended and Restated Certificate of Incorporation of Erickson Incorporated.		8-K	3.1	001-35482	2/26/2014
3.2	Third Amended and Restated Bylaws of Erickson Incorporated.		8-K	3.2	001-35482	2/26/2014
4.1	Amended and Restated Registration Rights Agreement by and between Erickson Air-Crane Incorporated and other parties, dated April 21, 2010.		S-1	4.1	333-166752	5/12/2010
4.2	Indenture related to the 8.25% Second Priority Senior Secured Notes due 2020, among Erickson Air-Crane Incorporated, the guarantors named therein and Wilmington Trust, National Association as trustee and collateral agent (including forms of 8.25% Second Priority Senior Secured Notes due 2020), dated May 2, 2013.		8-K	4.1	001-35482	5/8/2013
4.3	Registration Rights Agreement, among Erickson Air-Crane Incorporated and certain of its subsidiaries named therein, Deutsche Bank Securities Inc., Wells Fargo Securities, LLC, Stifel Nicolaus & Company, Incorporated and Imperial Capital, LLC, dated May 2, 2013.		8-K	4.2	001-35482	5/8/2013
4.4	Certificate of Designation, filed on May 2, 2013		8-K	4.3	001-35482	5/8/2013
10.1	Form of Indemnification Agreement by and between Erickson Air-Crane and each of its directors and officers and some employees.		S-1	10.1	333-166752	5/21/2010
10.2*	Erickson Air-Crane Incorporated 2012 Long-Term Incentive Plan, dated April 10, 2012.		S-1/A	10.21	333-166752	3/21/2012
10.3*	Form of Restricted Stock Unit Agreement.		S-1/A	10.21(a)	333-166752	3/21/2012
10.4	Amendment to Promissory Note issued by Erickson Air-Crane Incorporated, dated April 16, 2012.		S-1/A	10.27	333-166752	4/4/2012
10.5*	Amended and Restated Executive Employment Agreement between Udo Rieder and Erickson Air-Crane Incorporated, dated April 22, 2010.		S-1	10.7	333-166752	5/12/2010

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Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference			Filing Date
			Form	Exhibit No.	File No.	
10.6*	Executive Employment Agreement between Edward T. Rizzuti and Erickson Air-Crane Incorporated, effective as of January 1, 2012.		S-1/A	10.11	333-166752	1/30/2012
10.7*	Exclusive Use Helicopter Services Large Fire Support Agreement between the U.S. Forest Service and Erickson Air-Crane Incorporated, dated December 16, 2011.		S-1/A	10.15	333-166752	3/6/2012
10.8	Aircraft Purchase Agreement in Respect of One (1) Erickson S-64F Aircraft Manufacturer's Serial Number 64095 between San Diego Gas & Electric Company and Erickson Air-Crane, Incorporated, dated October 1, 2012.		10-K	10.11	001-35482	3/8/2012
10.9	Contract No. 4600002272, by and between NAMSA and Erickson Air-Crane Incorporated, dated May 23, 2012.		8-K	10.1	001-35482	5/29/2012
10.10	Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated June 24, 2010.		S-1/A	10.17	333-166752	10/5/2012
10.11	First Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated November 15, 2010.		S-1/A	10.17(a)	333-166752	12/5/2011
10.12	Second Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated December 31, 2010.		S-1/A	10.17(b)	333-166752	12/5/2011
10.13	Third Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated May 19, 2011.		S-1/A	10.17(c)	333-166752	12/5/2011
10.14	Fourth Amendment to Credit Agreement among Wells Fargo Bank, National Association, Keybank National Association, Bank of the West, Bank of America, N.A., Union Bank, N.A., and Erickson Air-Crane Incorporated, dated June 30, 2011.		S-1/A	10.17(d)	333-166752	12/5/2011
10.15			S-1/A	10.18	333-166752	9/10/2010

Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2010; Promissory Note issued by Erickson Air-Crane, Incorporated to 10th Lane Finance Co., LLC, dated June 30, 2010.

10.16	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund I, L.P., dated June 30, 2011.	S-1/A	10.23	333-166752	12/5/2011
10.17	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund I, L.P., dated June 30, 2011.	S-1/A	10.24	333-166752	12/5/2011

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Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference			Filing Date
			Form	Exhibit No.	File No.	
10.18	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2011.		S-1/A	10.25	333-166752	12/5/2011
10.19	Promissory Note issued by Erickson Air-Crane, Incorporated to ZM Private Equity Fund II, L.P., dated June 30, 2011.		S-1/A	10.26	333-166752	12/5/11
10.20	Stock Purchase Agreement, by and among Evergreen International Aviation, Inc., Evergreen Helicopters, Inc., Erickson Air-Crane Incorporated, EAC Acquisition Corporation, and solely with respect to Section 6.10 thereof, Mr. Delford M. Smith, dated March 18, 2013.		8-K	99.1	001-35482	3/20/2013
10.21	First Lien Securities Purchase Agreement, by and among Erickson Air-Crane Incorporated, Evergreen International Aviation, Inc., and each of the persons listed on Exhibit A thereto, dated March 18, 2013.		8-K	99.2	001-35482	3/20/2013
10.22	Second Lien Stock Purchase Agreement, by and among Erickson Air-Crane Incorporated, Evergreen International Aviation, Inc., and each of the persons listed on Exhibit A thereto, dated March 18, 2013.		8-K	99.3	001-35482	3/20/2013
10.23	Term Sheet for the Acquisition by Erickson Air-Crane Incorporated of Air Amazonia Serviços Aéreos Ltda. and the Purchase by Erickson of Certain Aircraft		8-K	99.1	001-35482	3/7/2013
10.24	Purchase Agreement among Erickson Air-Crane Incorporated and certain of its subsidiaries named therein, Deutsche Bank Securities Inc., Wells Fargo Securities, LLC, Stifel Nicolaus & Company, Incorporated and Imperial Capital, LLC, dated April 25, 2013.		8-K	10.1	001-35482	5/1/2013
10.25	Credit Agreement by and among Erickson Air-Crane Incorporated and Evergreen Helicopters, Inc., as Borrowers, Wells Fargo Bank, National Association, as Administrative Agent, Lead Arranger, Book Runner, Syndication Agent, and Documentation Agent, and other lender parties thereto, dated May 2, 2013.		8-K	10.1	001-35482	5/8/2013
10.26	Guaranty and Security Agreement among the Persons listed on the signature pages thereof as "Grantors" and those additional entities that become parties thereto by executing the form of Joinder attached thereto and Wells Fargo Bank, National Association, in its capacity as agent		8-K	10.2	001-35482	5/8/2013

for each member of the Lender Group and the Bank Product Providers (each as defined therein) , dated May 2, 2013.

Form of Aircraft and Engine Security Agreement among Erickson Air-Crane Incorporated and Wells Fargo Bank, National

10.27	Association, in its capacity as agent for each member of the Lender Group and the Bank Product Providers (each as defined therein), dated May 2, 2013.	8-K	10.3	001-35482	5/8/2013
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Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference			Filing Date
			Form	Exhibit No.	File No.	
10.28	Intercreditor Agreement entered into by and between Wells Fargo Bank, National Association, in its capacity as administrative agent under the First Lien Documents (as defined therein), including its successors and assigns in such capacity from time to time, and Wilmington Trust, National Association, not in its individual capacity, but solely in its capacity as trustee under the Second Lien Notes Indenture (as defined therein) and collateral agent under the Second Lien Documents (as defined therein), dated May 2, 2013.		8-K	10.4	001-35482	5/8/2013
10.29	Patent Security Agreement by and among the Grantors listed on the signature pages thereof and Wells Fargo Bank, National Association, in its capacity as agent for each member of the Lender Group and the Bank Product Providers (each as defined therein), dated May 2, 2013.		8-K	10.5	001-35482	5/8/2013
10.30	Trademark Security Agreement by and among the Grantors listed on the signature pages thereof and Wells Fargo Bank, National Association, in its capacity as agent for each member of the Lender Group and the Bank Product Providers (each as defined therein), dated May 2, 2013.		8-K	10.6	001-35482	5/8/2013
10.31	Security Agreement among the Persons listed on the signature pages thereof as “Grantors” and those additional entities that become parties thereto by executing the form of Joinder attached thereto and Wilmington Trust, National Association, in its capacity as collateral agent for the Secured Parties (as defined therein), dated May 2, 2013.		8-K	10.7	001-35482	5/8/2013
10.32	Form of Aircraft and Engine Security Agreement among the Persons listed on the signature pages thereof as “Grantors” and those additional entities that become parties thereto by executing the form of Joinder attached thereto and Wilmington Trust, National Association, in its capacity as collateral agent for the Secured Parties (as defined therein) , dated May 2, 2013.		8-K	10.8	001-35482	5/8/2013
10.33	Amendment Number One to Credit Agreement, Amendment Number One to Guaranty and Security Agreement, and Waiver by and among Erickson Air-Crane Incorporated and Evergreen		8-K	10.1	001-35482	6/18/2013

Helicopters, Inc., as Borrowers, Wells Fargo, as Administrative Agent, Lead Arranger, Book Runner, Syndication Agent, and Documentation Agent, and other lender parties thereto, June 14, 2013.

10.34	Joinder No. 1 to Guaranty and Security Agreement and Intercompany Subordination Agreement by and between Evergreen Unmanned Systems, Inc. and Wells Fargo, as agent for the lenders, dated as of June 14, 2013.	8-K	10.2	001-35482	6/18/2013
10.35	Line of Credit Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing with the Trustee and Wells Fargo, as administrative agent for the lender group.	8-K	10.3	001-35482	6/18/2013
10.36	Line of Credit Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing with the Trustee and Wilmington Trust, as administrative agent for the secured parties.	8-K	10.4	001-35482	6/18/2013

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Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference			Filing Date
			Form	Exhibit No.	File No.	
10.37	Quota Purchase Agreement by and among the Company, Air Amazonia, and HRT and certain of its affiliates, dated July 19, 2013.		8-K	10.1	001-35482	7/25/2013
10.38	Aircraft Purchase Agreement by and among the Company, Air Amazonia, and HRT and certain of its affiliates, dated July 19, 2013.		8-K	10.2	001-35482	7/25/2013
10.39	2013 Retention Bonus Plan.*		8-K	10.3	001-35482	7/25/2013
10.40	Amendment Number Five to Credit Agreement and Amendment Number Two to Guaranty and Security Agreement by and among Erickson Air-Crane Incorporated and Evergreen Helicopters, Inc., as Borrowers, Wells Fargo, as Administrative Agent, Lead Arranger, Book Runner, Syndication Agent, and Documentation Agent, and other lender parties thereto, dated March 11, 2014.		10-K	10.43	001-35482	3/14/2013
10.41*	Executive Employment Agreement, dated as of February 28, 2015, between Erickson Incorporated and Jeffrey G. Roberts.		8-K	10.1	001-35482	3/5/2015
21.1	Subsidiaries of Erickson Incorporated.	X				
23.1	Consent of Grant Thornton LLP.	X				
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				

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Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference		Filing Date
			Form	Exhibit No. File No.	
101INS**	XBRL Instance Document	X			
101SCH**	XBRL Taxonomy Extension Schema Document	X			
101CAL**	XBRL Taxonomy Extension Calculation Linkbase Document	X			
101DEF**	XBRL Taxonomy Extension Definition Linkbase Document	X			
101LAB**	XBRL Taxonomy Extension Label Linkbase Document	X			
101PRE**	XBRL Taxonomy Extension Presentation Linkbase Document	X			

* Denotes a compensatory plan, contract or arrangement, in which the Registrant's directors or executive officers may participate.

** In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Exchange Act of 1934, and otherwise is not subject to liability under these sections.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Erickson Incorporated

Date: March 10, 2015

By: /S/ Udo Rieder
Udo Rieder
Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Udo Rieder and Eric Struik and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their and his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ Udo Rieder Udo Rieder	Chief Executive Officer and Director (principal executive officer)	March 10, 2015
/S/ Eric Struik Eric Struik	Chief Financial Officer (principal financial officer)	March 10, 2015
/S/ Quinn Morgan Quinn Morgan	Director, Chairman of the Board	March 10, 2015
/S/ Kenneth Lau Kenneth Lau	Director	March 10, 2015
/S/ Gary R. Scott Gary R. Scott	Director	March 10, 2015
/S/ Meredith Siegfried Meredith Siegfried	Director	March 10, 2015
/S/ James L. Welch James L. Welch	Director	March 10, 2015